No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons authorized to sell such securities.

*The securities offered under this short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States (as such term is defined in Regulation S under the U.S. Securities Act), and may not be offered or sold within the United States, except as permitted by the Underwriting Agreement (as defined herein) and in transactions exempt from registration under the U.S. Securities Act and applicable United States state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account or benefit of, U.S. Persons (as hereinafter defined).*

***Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar regulatory authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of iAnthus Capital Holdings, Inc., Suite 605, 40 University Avenue, Toronto, Ontario, M5J 1T1, Telephone: 212-479-2572, and are also available electronically at www.sedar.com.*

SHORT FORM PROSPECTUS

New Issue November 14, 2017

iANTHUS CAPITAL HOLDINGS, INC.

Up to $10,455,000

Up to 6,150,000 Common Shares

____

Price: $1.70 per Common Share

____

This short form prospectus (this "**Prospectus**") qualifies the distribution (the "**Offering**") of up to 6,150,000 common shares (the "**Common Shares**") of iAnthus Capital Holdings, Inc. ("**iAnthus**" or the "**Company**") at a price of $1.70 per Common Share (the "**Offering Price**") for total gross proceeds of up to $10,455,000. The Common Shares are being offered on a "best efforts" basis without underwriter liability pursuant to the terms and conditions of an agency agreement (the "**Agency Agreement**") dated November 14, 2017 by and among Canaccord Genuity Corp. (the "**Lead Agent**"), Beacon Securities Limited, Cormark Securities Inc., Echelon Wealth Partners Inc., and Haywood Securities Inc. (together with the Lead Agent, the "**Agents**"). The Offering Price for the Common Shares was determined based upon arm's length negotiations between the Company and the Lead Agent, on behalf of the Agents, in the context of the market. See "Plan of Distribution".

	Price to the Public	Agents' Fee[(1)(2)]	Net Proceeds to the Company[(3)]
Per Common Share	$1.70	$0.119	$1.581
Total[(4)]	$10,455,000	$731,850	$9,723,150

Notes:

(1) In consideration for the services rendered by the Agents in connection with the Offering, the Company has agreed to pay the Agents a fee (the "**Agents' Fee**") equal to 7% of the gross proceeds of the Offering, including the gross proceeds from the sale of any Additional Common Shares (as hereinafter defined) sold upon exercise of the Over-Allotment Option (as hereinafter defined). See "Plan of Distribution".

(2) As additional compensation, the Company has agreed to grant to the Agents non-transferable share purchase warrants (the "**Agents' Warrants**") that will entitle the Agents to purchase such number of Common Shares (the "**Agents' Shares**") equal to 7% of the total number of Common Shares sold under the Offering, including pursuant to the exercise of the Over-Allotment Option (as hereinafter defined), at the Offering Price per Agent's Warrant, for a period of 24 months following the Closing Date. The Agents' Warrants are qualified for distribution under this Prospectus. See "Plan of Distribution".

(3) After deducting the Agents' Fee, but before deducting the expenses and costs relating to the Offering which are estimated to be $400,000. The Agents' Fee and the expenses and costs relating to the Offering will be paid from the gross proceeds of the Offering. See "Use of Proceeds".

(4) In order to cover for over-allotments, if any, and for market stabilization purposes, the Company will grant the Agents an over-allotment option (the "**Over-Allotment Option**"), exercisable for a period of 30 days from and including the Closing Date, to arrange for the sale, at the Offering Price, of an additional number of Common Shares (the "**Additional Common Shares**") equal to 15% of the number of Common Shares sold pursuant to the Offering. The grant of the Over-Allotment Option and the Additional Common Shares issuable upon exercise of the Over-Allotment Option are qualified for distribution under the Prospectus. Unless otherwise indicated or the context suggests otherwise, the term "Common Shares" when used in the context of the Offering includes the Additional Common Shares. A purchaser who acquires Additional Common Shares forming part of the Agents' over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total "Price to Public", "Agents' Fee" and "Net Proceeds to the Company" (before payment of the estimated expenses, costs relating to the Offering (see note 3 above)) will be of $12,023,250, $841,627.50 and $11,181,622.50 respectively. See "Plan of Distribution".

The following table sets out the number of Common shares and Agents' Warrants that may be issued by the Company to the Agents in connection with the Offering:

Agents' Position[(1)]	Number of Securities Available or Maximum Size[(2)]	Exercise Period	Exercise Price
Over-Allotment Option	922,500 Additional Common Shares	A period of 30 days from and including the Closing Date	$1.70 per Additional Common Share
Agents' Warrants	495,075 Agents' Shares	24 months following the Closing Date	$1.70 per Agents' Share

Notes:

(1) This Prospectus qualifies the grant of the Over-Allotment Option and the grant of the Agents' Warrants. See "Plan of Distribution".

(2) Assuming the Over-Allotment Option is exercised in full.

The Common Shares are traded on the Canadian Securities Exchange (the "**CSE**") under the symbol "IAN" and are quoted on the OTCQB under the symbol "ITHUF". On November 13, 2017, the last trading day before the date of this Prospectus, the closing price of the Common Shares on the CSE was $2.10 per Common Share and on the OCTQB was US$1.65 per Common Share. The Company has applied to list the Common Shares to be distributed under this Prospectus on the CSE. Listing will be subject to the Company fulfilling all of the requirements of the CSE.

There is no minimum amount of funds that must be raised under the Offering. This means that the Company could complete the Offering after raising only a small proportion of the Offering amount set out above. See "Risk Factors**".**

Unless the context otherwise requires, all references to the "Offering, "Common Shares", "Additional Common Shares", "Agents' Warrants" and "Agents' Shares" in the Prospectus, includes all securities issuable assuming the exercise of the Over-Allotment Option.

The Offering is being conducted on a "best efforts" agency basis, without underwriter liability, by the Agents who conditionally offer the Common Shares for sale, if, as and when issued by the Company and accepted by the Agents, in accordance with the terms and conditions contained in the Agency Agreement and subject to approval of certain legal matters relating to the Offering on behalf of iAnthus by McMillan LLP and by DLA Piper (Canada) LLP on behalf of the Agents. All funds received from the subscription for the Common Shares will be deposited and held by the Agents pursuant to the terms and conditions of the Agency Agreement and will not be released to the Company until the Agents have consented to such release. Subject to applicable securities legislation, in connection with the Offering, the Agents may effect transactions intended to stabilize or maintain the market price for the Common Shares at levels above those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

Subscriptions for the Common Shares will be received subject to rejection or allotment, in whole or in part, and the right is reserved to close the subscription books at any time without notice. The Closing of the Offering is expected to occur on or about November 21, 2017, or such other date as may be agreed upon by the Company and the Agents, but in any event not later than 90 days after the date of the receipt of the (final) short form prospectus (the "**Closing Date**"). See "Plan of Distribution".

Subject to certain exceptions, certificates in physical or electronic form representing the Common Shares are expected to be issued in registered form to CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee and deposited with CDS on the Closing Date. Subject to certain exceptions, a purchaser of Common Shares will receive only a customer confirmation from the registered dealer through which the Common Shares are purchased. See "Plan of Distribution".

In addition to the Offering, the Company will enter into subscription agreements (the "**Subscription Agreements**") on or prior to the Closing Date pursuant to which certain subscribers resident in the United States and certain international jurisdictions will agree to purchase, on a non-brokered, private placement basis pursuant to exemptions from the prospectus requirements under applicable securities laws, an aggregate of up to 2,705,882 Common Shares at the Offering Price, concurrent with the closing of the Offering (the "**Concurrent Private Placement**"). No commission or other fee will be paid to the Agents in connection with the Concurrent Private Placement. This Prospectus does not qualify the distribution of any securities issued pursuant to the Concurrent Private Placement and the Agents are not involved, directly or indirectly, in the issuance, offer and sale of the Common Shares being distributed pursuant to the Concurrent Private Placement. The closing of the Concurrent Private Placement is subject to acceptance by the CSE. See "Plan of Distribution".

An investment in Common Shares involves a high degree of risk. Prospective purchasers should consider the risk factors described under "Risk Factors" in this Prospectus and in the AIF (as hereinafter defined) which can be found on SEDAR at www.sedar.com, before purchasing Common Shares.

Prospective purchasers should rely only on the information contained or incorporated by reference in the Prospectus. The Company and the Agents have not authorized anyone to provide prospective purchasers with information different from that contained or incorporated by reference in this Prospectus. The Agents are offering to sell and seeking offers to buy the Common Shares only in jurisdictions where, and to persons to whom, offers and sales are lawfully permitted. Readers should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the cover page of this Prospectus.

Prospective purchasers are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding or disposing of Common Shares, including the Canadian federal

income tax consequences applicable to a foreign controlled Canadian corporation that acquires Common Shares.

This Prospectus qualifies the distribution of securities of an entity that is expected to continue to indirectly derive a portion of its revenues from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. iAnthus is indirectly involved (through ancillary operations and through investments in third-party corporate entities in the United States) in the cannabis industry in the United States where local state laws permits such activities. Currently, the Company is not directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the recreational cannabis marketplace in either Canada or the United Sates, nor is the Company directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the medical cannabis marketplace in the United States.

The Company is seeking to (and has entered into a letter of intent) acquire a 100% equity interest in a corporate entity which holds one of the 10 vertically integrated medical cannabis licenses in the State of New York which, in the event such transaction is completed, would result in the Company having a material direct interest in an entity directly engaged in the cultivation and sale of medical marijuana in the State of New York. See "Description of the Business–Recent Developments".

Almost half of the states in the United States have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinal ("THC"), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the *Controlled Substances Act* (the "CSA") in the United States and as such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under United States federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under United States federal law, nor will it provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company's operations and financial performance.

As a result of the conflicting views between state legislatures and the federal government of the United States regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. Unless and until the United States Congress amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, which may adversely affect the current and future investments of the Company in the United States. As such, there are a number of risks associated with the Company's existing and future investments in the United States.

For the reasons set forth above, the Company's existing interests in the United States cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. It has been reported by certain publications in Canada that The Canadian Depository for Securities Limited may implement policies that would see its subsidiary, CDS Clearing and Depository Services Inc. ("CDS"), refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settlement hub settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States, despite media reports to the contrary and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of a stock exchange. The Company has obtained eligibility with The Depository Trust Company ("DTC") for its Common Share quotation on the OTCQB and such DTC eligibility provides another possible avenue to clear Common Shares in the event of a CDS ban.

There are a number of risks associated with the business of the Company. See "Risk Factors" generally and for the risks related to the United States cannabis industry see "Risk Factors – Risks Specifically Related to the United States Regulatory System."

Two of the persons providing a certificate under Part 5 of National Instrument 41-101 – General Prospectus Requirements of the Canadian Securities Administrators, along with Richard Boxer, a director of the Company, are incorporated, continued or otherwise organized under the laws of a foreign jurisdictions or reside outside Canada. The individuals, Hadley Ford, Randy Maslow and Richard Boxer, have appointed Baron Global Financial Ltd. of Suite 1980, 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9, Canada, as their respective agent for service of process in British Columbia. Messner Reeves LLP, a named expert, is a limited liability partnership formed or otherwise organized under the laws of a foreign jurisdiction, has appointed iAnthus Capital Holdings, Inc. at Suite 605, 40 University Avenue, Toronto, Ontario, M5J 1T1, Canada, as its agent for service of process.

Purchasers are advised that it may not be possible for purchasers to enforce judgments obtained in Canada against any person who resides outside of Canada, even if the party has appointed an agent for service of process. See "Enforcement of Judgments Against Foreign Persons or Companies" and "Risk Factors".

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

The Company's head office is located at Suite 414, 420 Lexington Avenue, New York, New York, 10170, United States of America. The Company's registered office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7, Canada.

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus and the documents incorporated herein by reference contain certain statements that are forward-looking statements or information (collectively "**forward-looking statements**"). Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

In particular, this Prospectus contains forward-looking statements relating to:

- the Company's expectations with respect to pursuing new opportunities and its future growth;
- the use by the Company of the net proceeds of the Offering and the Concurrent Private Placement;
- the terms of the Offering (including the manner of distribution) and the Concurrent Private Placement;
- the listing of the Common Shares on the CSE;
- the discretion of the Company as to the use of proceeds;
- lack of control by the Company over its investee companies' businesses;
- the Company's expectations with respect to its working capital requirements and financial obligations; and
- the anticipated Closing Date.

These forward-looking statements are necessarily based on a number of factors and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. With respect to the forward-looking statements, the Company has made assumptions, which may prove to be incorrect, regarding, among other things:

- the timely receipt of any required regulatory approvals;
- the ability of the Company to generate cash flow from operations and necessary financing on acceptable terms;
- government regulation of the Company's activities remain the same;
- consumer perception of the medical cannabis marketplace and recreational use cannabis industry continues to affect the market price of marijuana-related products;
- general economic, financial market, regulatory and political conditions in which the Company operates remain the same;
- the impact of increasing competition on the Company;
- anticipated and unanticipated costs;
- the ability of the Company to obtain qualified staff and services in a timely and cost efficient manner;
- the ability of the Company to enter contracts with target companies;

- the Company's ability to maintain adequate internal control over financial reporting and disclosure controls and procedures; and

- the enforcement of the CSA and its co-existence with state laws does not change.

This list is not exhaustive of the factors that may affect any of forward-looking statements or information of the Company. Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management of the Company to predict all such factors and to assess in advance the impact of each such factor on the business of the Company or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "Risk Factors".

EXCHANGE RATE DATA

The Company publishes its consolidated financial statements in United States dollars. In this Prospectus, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars and references to ''CDN$'' or ''$'' are to Canadian dollars and references to ''US$'' are to United States dollars.

The following table sets forth certain exchange rates based on the noon rate as reported by the Bank of Canada. Such rates are set forth as United States dollars per CDN$1.00 and are the inverse of noon rates quoted by the Bank of Canada for Canadian dollars per US$1.00. On November 10, 2017, the daily exchange rate reported by the Bank of Canada was US$1.2683 per CDN$1.00.

	Year Ended December 31,		
	2016	**2015**	**2014**
High	0.7972	0.8527	0.9422
Low	0.6854	0.7148	0.8589
Average[(1)]	0.7548	0.7820	0.9054
Period end	0.7448	0.7225	0.8620

Notes:

(1) The average of the exchange rates on the last day of each month during the applicable period.

FINANCIAL INFORMATION

The Company prepares its financial statements, which are incorporated by reference into this Prospectus, in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. Accordingly, the Company's financial statements are not comparable to financial statements of United States companies.

GENERAL MATTERS

Prospective purchasers should rely only on information contained or incorporated by reference in this Prospectus. Neither the Company nor the Agents have authorized any other person to provide prospective purchasers with different information. If a prospective purchaser is provided with different or inconsistent information, the prospective purchaser should not rely on such information. The information contained on the Company's website is not intended to be included in or incorporated by reference into this Prospectus and prospective investor should not rely on such information when deciding whether or not to invest in Common Shares. Neither the Company nor the Agents are making an offer to sell in any jurisdiction where the offer or sale is not permitted.

Unless the context otherwise requires, any references in this Prospectus to the "Company" or "iAnthus" refer to iAnthus Capital Holdings, Inc. and its subsidiaries.

ELIGIBILITY FOR INVESTMENT

In the opinion of McMillan LLP, counsel to the Company, and DLA Piper (Canada) LLP, counsel to the Agents, based on the provisions of the Income Tax Act (Canada) and the regulations thereunder (collectively, the "**Tax Act**") and any proposal to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, as of the date hereof, the Common Shares, if issued on the date hereof, would be "qualified investments" under the Tax Act for trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), deferred profit sharing plans, registered education savings plans ("**RESPs**"), registered disability savings plans ("**RDSPs**") and tax-free savings accounts ("**TFSAs**"), all as defined in the Tax Act (collectively "Deferred Income Plans"), provided that the common shares of the Company are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the CSE).

Notwithstanding that a Common Share may be a qualified investment for an RRSP, RRIF or TFSA as discussed above, if the Common Share is a "prohibited investment" for the purposes of the Tax Act, the holder of a TFSA or the annuitant under an RRSP or RRIF which holds such Common Share will be subject to penalty taxes as set out in the Tax Act. The Common Share will be a prohibited investment for a RRSP, RRIF or TFSA if the annuitant or holder, as the case may be, does not deal at arm's length with the Company for the purposes of the Tax Act or has a "significant interest" (as defined in the Tax Act for purposes of the prohibited investment rules) in the Company. However, a Common Share will not be a "prohibited investment" if it is "excluded property" (as defined in the Tax Act for purposes of the prohibited investment rules) for trusts governed by such RRSP, RRIF or TFSA.

Pursuant to the Tax Proposals (as hereinafter defined) released on September 8, 2017, the rules with respect to "prohibited investments" are also proposed to apply to (i) RESPs and subscribers thereof, and (ii) RDSPs and holders thereof, in general terms as of March 23, 2017.

Purchasers who intend to hold Common Shares in a Deferred Income Plan should consult their own tax advisors in regard to the application of these rules in their particular circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commission or similar regulatory authority in each of the provinces of Canada, other than Québec, are available at www.sedar.com and are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- the Annual Information Form of the Company dated September 20, 2017 for the year ended December 31, 2016 (the "**AIF**");

- the audited consolidated financial statements of the Company, and the notes thereto, for the year ended December 31, 2016 and 2015, together with the auditors' report thereon;

- management's discussion and analysis of financial condition and result of operations of the Company for the year ended December 31, 2016;

- the unaudited condensed interim consolidated financial statements of the Company, and the notes thereto, for the six months ended June 30, 2017 and 2016;

- management's discussion and analysis of financial condition and results of operations of the Company for the three and six months ended June 30, 2017;
- the material change report of the Company dated February 9, 2017 with respect to the Company's strategic relationship with The Green Solution, LLC and a US$7.5 million loan facility;
- the material change report of the Company dated March 8, 2017 with respect to the closing of a bought deal private placement of 8.0% unsecured convertible debentures of the Company for gross proceeds of $20 million;
- the material change report of the Company dated June 15, 2017 with respect to the Company's binding letter of intent with Valley Agriceuticals, LLC;
- the material change report of the Company dated October 16, 2017 with respect to the Company's purchase of Class B Shares of GrowHealthy Holdings, LLC ("**GrowHealthy**") and certain promissory notes;
- the Company's notice of meeting and associated management information circular dated October 16, 2017;
- the template version of the term sheet in respect of the Offering dated October 17, 2017 (the "**Original Term Sheet**");
- the template version of the amended and restated term sheet in respect of the Offering dated October 26, 2017 (the "**Amended Term Sheet**"); and
- the template version of the further amended and restated term sheet in respect of the Offering dated October 31, 2017 (the "**Further Amended Term Sheet**", and collectively with the Original Term Sheet and the Amended Term Sheet, the "**Marketing Materials**").

Any documents of the type required by Item 11.1 of Form 44-101F1 – Short Form Prospectus, filed by the Company with a securities commission or similar regulatory authority in any of the provinces or territories of Canada pursuant to the requirements of applicable securities legislation after the date of this Prospectus and prior to the termination of the distribution of this Offering shall be deemed to be incorporated by reference into this Prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained in this Prospectus or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded will not constitute a part of this Prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the statement or document that it modifies or supersedes. The making of such a modifying or superseding statement will not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute part of this Prospectus.

MARKETING MATERIALS

Neither the Marketing Materials, nor any "template version" of any other "marketing materials" (as such terms are defined in National Instrument 41-101 – *General Prospectus Requirements* of the Canadian Securities Administrators) that are utilized by the Agents in connection with the Offering, are part of this Prospectus to the extent that the contents of the Marketing Materials or other marketing materials, as the case may be, have been modified or superseded by a statement contained in this Prospectus or any amendment.

In addition, any template version of any marketing materials that is filed under the Company's profile on SEDAR at www.sedar.com with the securities commission or similar authority in each of the provinces of Canada, except Québec, in connection with the Offering after the date of this Prospectus and before the termination of the distribution of the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated by reference into this Prospectus.

DESCRIPTION OF THE BUSINESS

Name, Address and Incorporation

The Company was incorporated under the name "Genarca Holdings Ltd." under the *Business Corporations Act* (British Columbia) on November 15, 2013. The Company changed its name to iAnthus Capital Holdings, Inc. on August 4, 2016. The Company's head office is located at Suite 300, 420 Lexington Avenue, New York, New York, 10170, United States of America. The Company's registered office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7, Canada.

The Common Shares of the Company are listed on the CSE under the trading symbol "IAN" and are quoted on the OTCQB under the trading symbol "ITHUF".

Inter-corporate Relationships

The Company currently owns 100%, directly and/or indirectly, of the issued and outstanding shares of five subsidiaries: (i) iAnthus Capital Management, LLC ("**iAnthus Capital**"); (ii) iAnthus Transfer Corp. ("**iAnthus Transfer**"); (iii) iAnthus Formation Corp. ("**iAnthus Formation**"); (iv) Scarlet Globemallow, LLC ("**Scarlet Globemallow**"); and (v) Bergamot Properties, LLC ("**Bergamot Properties**"). The three direct subsidiaries (iAnthus Capital, iAnthus Transfer and iAnthus Formation) were acquired by the Company pursuant to a reverse take-over transaction with the founding member of iAnthus Capital, the shareholders of iAnthus Transfer and the shareholders of iAnthus Formation completed on August 12, 2016 (the "**Transaction**").

In connection with the Transaction, the Company issued from treasury, at the time of closing, an aggregate of (i) 11,255,000 Class A restricted voting convertible shares to certain sellers, and (ii) 5,083,065 Common Shares in consideration for the purchase of 100% of the iAnthus purchased membership interests and all of the purchased shares. See "General Development of the Business" in the AIF.

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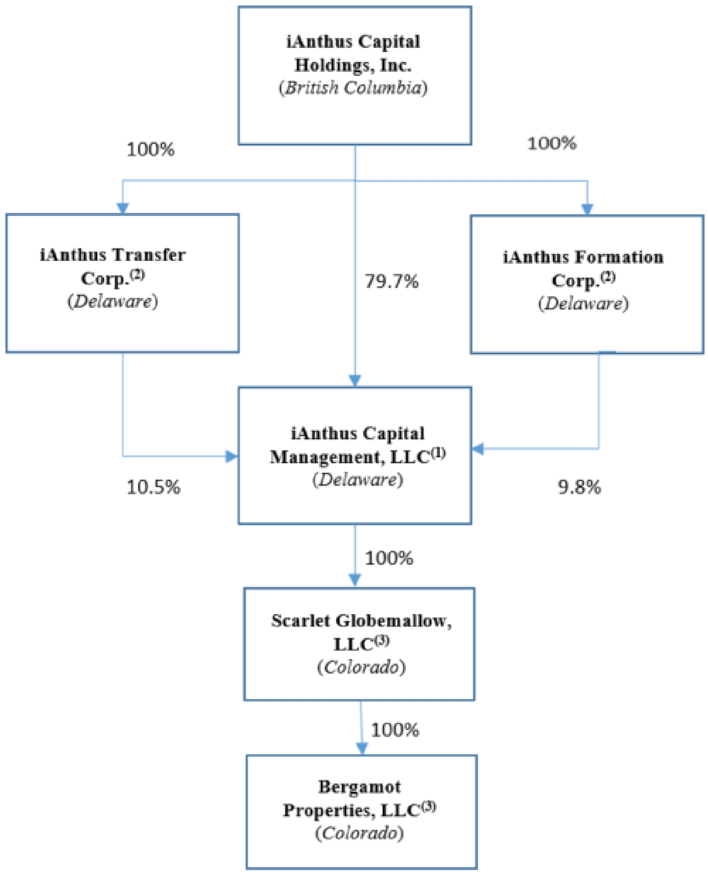
The diagram below describes the inter-corporate relationships of Company:



Notes:

(1) The Company currently operates its business through its wholly-owned subsidiary, iAnthus Capital, a Delaware limited liability company formed on September 18, 2014.

(2) The Company acquired 100% of iAnthus Formation and iAnthus Transfer as part of the Transaction (as such term is defined in the AIF). As indicated in the chart above, iAnthus Transfer and iAnthus Formation hold a 10.5% and a 9.8% interest in iAnthus Capital respectively. Other than the ownership interest, iAnthus Transfer and iAnthus Formation do not currently have an active business.

(3) Scarlet Globemallow and Bergamot Properties are both Colorado limited liability companies and are both wholly-owned by iAnthus Capital. Scarlet Globemallow provides financial and management services including equipment leasing, brand and trademark intellectual property and management services. Bergamot Properties owns real estate which houses cultivation and dispensary facilities. See "– Issuers with United States Cannabis-Related Assets – Summary of Colorado Investments".

Business of the Company

The Company, through its wholly owned subsidiary, iAnthus Capital, delivers a comprehensive solution for financing and managing licensed cannabis cultivators, processors and dispensaries throughout the United States. The Company generates returns from any or all of the revenue sources below:

- interest income from debt financing structures;
- dividend income (or other profit distributions) and capital appreciation from equity investments; and

- management and advisory fees from management service contracts with certain license holders to which the Company, directly or indirectly, will provide debt or equity financing.

See “Description of the Business” in the AIF.

Recent Developments

Proposed Transaction with Citiva Medical and Citiva USA

On August 14, 2017, the Company announced that it had signed a letter of intent to acquire 100% of Citiva Medical LLC (“**Citiva Medical**”) and Citiva LLC (“**Citiva USA**” and together with Citiva Medical, for convenience “**Citiva**”). Citiva Medical holds a license as a vertically integrated registered organization to cultivate, manufacture and dispense approved medical cannabis products in the State of New York. Citiva USA is the owner of certain regulated cannabis industry assets and intellectual property. Citiva Medical has not started operations yet and has not commenced building its facilities but once operational, Citiva Medical will be directly engaged in the cultivation and sale of cannabis. Citiva Medical has been approved for the following area locations by the State of New York: (i) Brooklyn, (ii) Staten Island, (iii) Dutchess County, and (iv) Chemung County.

It is expected that Citiva Medical will lease four retail locations and undergo tenant improvements, which include the interior construction and/or design of dispensaries in Brooklyn, Staten Island, Dutchess County and Chemung County. Currently, Citiva Medical is in the process of identifying and securing leases for all four dispensary locations and no tenant improvements have been made to date. The Company expects leases for the dispensary locations in Brooklyn and Staten Island to be finalized in the fourth quarter of 2017 and leases for the dispensary locations in Dutchess County and Chemung County to be finalized in the first quarter of 2018. The Company expects dispensaries in Brooklyn and Staten Island to be opened in the second quarter of 2018. The Company expects Citiva Medical to purchase cannabis on a wholesale basis from current license holders until such time as Citiva Medical’s cultivation facility is operational. Citiva Medical has not yet acquired the land package for its cultivation facility and unless additional funds are raised, the Company does not expect to purchase the land package in the next 12 months. For this reason, the Company does not expect that Citiva Medical’s cultivation facility will be operational in the next 12 months and the “Use of Proceeds” section does not contemplate the expenditures associated with the purchase of the land package or the build-out of the cultivation facility.

The transaction is expected to be completed for a purchase price of US$3,600,000 payable in cash and US$14,400,000 payable in Common Shares at US$2.40 per share, subject to certain adjustments and definitive documentation.

For further details on Citiva’s compliance with applicable licensing requirements and the regulatory regime in the State of New York, see: “– Issuers with United States Cannabis-Related Assets – Summary of New York Regulation”.

On August 18, 2017, the Company provided a secured 5% promissory note of US$500,000 to Citiva Medical, maturing August 18, 2018. In connection with the purchase of Citiva, it is also expected that the Company will issue a credit facility to an affiliate of Citiva Medical in the aggregate amount of up to US$1,000,000. It is expected that such credit facility will have a term of three years (the “**Citiva Credit Facility**”).

The Company and Citiva are in advanced discussions and are working towards entering into a definitive merger agreement. The transaction remains subject to due diligence, which the Company expects to complete before the end of November, 2017.

The Company does not expect the proposed acquisition of Citiva to be a “significant acquisition” for the purposes of Part 8 of National Instrument 51-102 – Continuous Disclosure Obligations.

GrowHealthy

On October 12, 2017, the Company announced that it purchased 2,925,003 Class B Shares of GrowHealthy for a total purchase price of US$3,000,000. For further information on GrowHealthy and the exclusivity agreement the Company has with GrowHealthy and GrowHealthy's affiliates, see "Description of the Business" in the AIF.

On October 12, 2017, the Company also announced that it issued unsecured promissory notes of the Company for an aggregate principal amount of US$3,000,000. The promissory notes are due on October 11, 2018 and bear interest at a rate of 8% per annum. The lenders were also issued a total of 267,000 Common Share purchase warrants (the "**Lender Warrants**"). The Lender Warrants entitle the holder to acquire one Common Share at a price of $2.65 per Common Share until October 11, 2019. Pursuant to the terms of the unsecured promissory notes, if the Company completes a financing of at least US$5.0 million, the unsecured promissory notes must be repaid upon closing of such financing. Pursuant to the terms of the unsecured promissory notes, if such promissory notes were not repaid on or before November 10, 2017, the Company is required to issue the lenders an additional 133,500 Common Share purchase warrants exercisable to acquire one Common Share at an exercise price to be determined in accordance with CSE policies. The Company did not repay such promissory notes on or before November 10, 2017, accordingly, the Company issued the lenders an additional 133,500 Common Share purchase warrants at an exercise price of $2.03 per Common Share, exercisable until November 10, 2019. See "Use of Proceeds".

Issuers with United States Cannabis-Related Assets

On October 16, 2017, the Canadian Securities Administrators published Staff Notice 51-352 *Issuers with U.S. Marijuana-Related Activities* (''**Staff Notice 51-352**'') which provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the United States as permitted within a particular state's regulatory framework. All issuers with United States cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents.

As a result of the Company's investments in certain United States entities (as described herein), the Company is subject to Staff Notice 51-352 and accordingly provides the following disclosure:

The Company currently operates in the United States as more specifically described below.

	Massachusetts	Vermont	New Mexico	Colorado		New York	Florida
	Mayflower Medicinals, Inc. "Mayflower")	**FWR Inc. d/b/a Grassroots Vermont ("FWR")**	**Reynold Greenleaf & Associates LLC ("RGA")**	**Organix, LLC ("Organix")**	**The Green Solution, LLC ("TGS")**	**Citiva Medical, LLC ("Citiva Medical")**	**GrowHealthy Holdings, LLC ("GrowHealthy")**
Type of Investment[1]	Loan[2]	Loan[2]	29% Equity Ownership	Note 3	Strategic Partnership and Loan	Loan[2]	Loan[2] and 6.1% Equity Ownership
Investment Amount ($US)	$9.8 million[4]	$0.9 million[1]	$2.4 million	$5.2 million	$7.5 million	$0.5 million	$1.0 million and acquisition of approximately 6.1% of the issued and outstanding equity shares for a purchase price of $3.0 million
Permitted Number of Facilities	3 dispensaries 1 cultivation 1 processing	2 dispensaries 1 cultivation 1 processing	Nil[5]	1 dispensary 1 cultivation	12 dispensaries 3 cultivation 1 processing	4 dispensaries 1 cultivation	25 dispensaries 1 cultivation 1 processing

Notes:

(1) The investments do not have any characteristics which may be perceived as 'equity-like' such as conversion rights into equity or royalties. Notwithstanding the foregoing, the Company reserves its right to discuss early repayment of the loans and may, from time to time, consider converting one or more loans into equity. The Company also holds a non-material preferred stock position in 4Front Ventures, Inc. ("**4Front**") purchased for US$99,969. The Company's equity position in 4Front is approximately 0.3% of 4Front's issued and outstanding shares. The Company understands that 4Front, through various subsidiaries, holds a direct interest in only one license in the United States; specifically, a 65% interest in one dispensary license in the State of Maryland. Such dispensary is not operational yet and the Company's interest in 4Front is not material. For the purpose of Staff Notice 51-352, the Company's preferred stock position in 4Front is classified as

"indirect" involvement in the United States cultivation or distribution industry because 4Front has a direct interest in a dispensary.

(2) The Company currently has loans to Mayflower, FWR, TGS, Citiva Medical and GrowHealthy. The Company's investments in Mayflower, FWR, TGS, and Citiva Medical are classified as "ancillary" involvement in the United States cannabis industry for the purpose of Staff Notice 51-352. The Company's non-controlling equity interest in RGA is also classified as "ancillary" involvement for the purpose of Staff Notice 51-352 because RGA provides ancillary services being financial and management services. Conversely, GrowHealthy is classified as "indirect" involvement in the United States cultivation or distribution industry for the purpose of Staff Notice 51-352. If the Company completes its proposed transaction with Citiva Medical and Citiva LLC, then the Company will have direct involvement in the United States cultivation or distribution industry in the State of New York. For further information on the proposed transaction with Citiva Medical and Citiva LLC, see "Description of the Business – Recent Developments".

(3) On December 5, 2016, the Company acquired certain assets of Organix, the owner and operator of a Colorado medical and adult use marijuana operation with a cultivation facility in Denver, Colorado and a fully-integrated medical and adult use dispensary located in the ski town of Breckenridge, Colorado. The assets acquired include all real estate holdings of Organix's affiliate, DB Land Holdings, Inc., consisting of a 12,000 square foot cultivation facility in Denver, as well as all equipment and other tangible and intangible assets and all of the intellectual property of Organix including its brands. The foregoing assets are held by the Company's subsidiaries, Scarlet Globemallow and Bergamot Properties and are classified as "ancillary" involvement in the United States cannabis industry for the purpose of Staff Notice 51-352. The Colorado Marijuana Enforcement Division regulates Colorado's marijuana regulatory program. Applicable regulation in Colorado requires licensed operators and a portion of its shareholders to be resident of Colorado and accordingly, iAnthus, as a publicly listed company, is unable at this time to acquire a direct license under Colorado's marijuana regulatory program. For further information on the license holder in Colorado see: "– Nature of Investments in the United States – Summary of Colorado Investments."

(4) Total Investment Amount contributed to date includes funds transferred to Mayflower and its affiliate, Pilgrim Rock Management, LLC ("**Pilgrim Rock**"), a related party as Randy Maslow (an officer and director of the Company), is the sole manager and holds a controlling interest. Pilgrim Rock was formed to manage the construction of the cannabis cultivation facility in Holliston, Massachusetts and a dispensary in Boston, Massachusetts in connection with the Company's investment in Mayflower. Mayflower is a Massachusetts non-profit corporation; accordingly, Mayflower does not have any shares issued and outstanding. Mayflower is governed by a board of directors comprised of five directors. Randy Maslow (director and officer of the Company) is one of the directors and John Henderson (officer of the Company) is also a director. The three other directors of Mayflower are: (i) a member of the Company's advisory board (Jamie Lewis) and (ii) two other directors who are arm's length to the Company.

(5) RGA currently manages three cultivation operations in Albuquerque, New Mexico totaling 13,200 square feet and four dispensary locations, also in Albuquerque, New Mexico. See "– Nature of Investments in the United States – Summary of New Mexico Investment".

Nature of Investments in the United States

Summary of Massachusetts Investment

On July 1, 2016, the Company entered into the loan agreement (the "**Mayflower Loan Agreement**") with Mayflower Medicinals, Inc. ("**Mayflower**"), a non-profit healthcare organization dedicated to providing medical cannabis products and services in a safe, secure and professionally managed environment. As of the date of the AIF, the Company loaned US$3,286,418 in support of the license application process and the securing of compliant real estate and local approval. The Mayflower Loan Agreement bears interest at a rate of 16%, compounded monthly and payable on a quarterly basis, starting one year after Mayflower commences sales of products to its patients (the "**First Payment Date**"). The maturity date is seven years after the First Payment Date. The Mayflower Loan Agreement is considered a related party transaction because Mr. Randy Maslow and Mr. John Henderson, officers of the Company, serve as board members of Mayflower.

As of the date of the AIF, Mayflower has applied for three medical cannabis licenses in the Commonwealth of Massachusetts.

Mayflower has commenced the construction of a cannabis cultivation and processing facility in Holliston, Massachusetts. The Company anticipates that Mayflower will ultimately operate out of four locations – one cultivation and manufacturing facility totaling 36,000 square feet, and three retail locations. The space will be dedicated to cultivation, manufacturing cannabis infused products and cannabis concentrates, such as vaporizer pen cartridges.

Mayflower has also granted the Company an exclusive right to negotiate a licensing, management services and financing agreement with Mayflower to provide certain capital financing, intellectual property licensing, real estate, equipment leasing and management services. It is anticipated that the Company and a strategic partner will form a separate, limited liability company (the "**LLC Management Entity**") that will be 79% owned by iAnthus to provide such services to Mayflower. The terms and fees related to such services and required capital expenditures are currently being negotiated between the management teams of Mayflower and the Company. The Company anticipates that the parties will enter into a definitive agreement once Mayflower has secured its third medical cannabis license, which the Company expects to occur during 2017. The Company anticipates that it will be entitled to nominate the majority of the directors serving on the board of directors of the LLC Management Entity.

As of June 30, 2017, the Company provided US$3,528,965 to Pilgrim Rock. Pilgrim Rock was incorporated to manage the construction of the cannabis cultivation facility in Holliston, Massachusetts and a dispensary in Boston, Massachusetts in connection with the Company's investment in Mayflower. Due to the nature of the transaction, no terms for interest, repayment or security on the balance have been formalized. Subsequent to June 30, 2017, the Company provided an additional US$2,521,305 to Pilgrim Rock for the construction of the cannabis cultivation facility in Holliston, Massachusetts and the dispensaries in connection with the Company's investment in Mayflower.

As of the date of the AIF, the Company has invested US$9,336,687 in support of Mayflower's operations through Mayflower and Pilgrim Rock. An incremental US$750,000 is expected to be invested to complete the build-out of the cultivation and processing facility. The Company expects Mayflower to lease one additional retail location (three total), the exact location of which is in the process of being finalized. The Company expects that the costs associated with the build-out of the retail locations to be US$2,000,000, and will include interior/exterior design, construction, and equipment. Unless additional funds are raised, the Company does not expect that the build-out of the retail locations will be completed in the next 12 months. See "Use of Proceeds".

For the purposes of Staff Notice 51-352, the Company's loan to Mayflower is classified as "ancillary" involvement in the United States cultivation or distribution industry. The applicable regulations in the Commonwealth of Massachusetts are summarized below.

Summary of Massachusetts Regulations

The Commonwealth of Massachusetts has authorized the cultivation, possession and distribution of marijuana by certain licensed Massachusetts marijuana businesses. The Massachusetts Department of Public Health regulates Massachusetts's marijuana regulatory program. The Company is advised by legal counsel and/or other advisors in connection with Massachusetts's marijuana regulatory program. The Company only engages in transactions with Massachusetts marijuana businesses that hold licenses that are in good standing to cultivate possess and/or distribute marijuana in Massachusetts in compliance with Massachusetts's marijuana regulatory program. To the extent required by Massachusetts's marijuana regulatory program, the Company has fully disclosed and/or registered each financial interest the Company holds in such Massachusetts marijuana businesses. The Company and its investee (Mayflower) are in compliance with Massachusetts's marijuana regulatory program.

Summary of Vermont Investment

The Company entered into a lending facility and management services agreement in 2015 to finance FWR. FWR is one of the four medical cannabis license holdings in the State of Vermont. As of December 31, 2016, the Company had provided FWR with a credit facility of US$550,000. As of the date of the AIF, the credit facility was US$900,000. The Company is currently working with FWR to convert a portion of the existing balance into a sale/leaseback facility with a management company owned by the Company, which will provide a broad range of real estate and equipment leasing, intellectual property licensing and professional services to FWR. As a not-for-profit corporation, FWR does not have equity owners. Ms. Alexandra Ford serves as one of the four board members that oversee FWR. Ms. Ford is the sister of Hadley Ford (a director and officer of the Company).

On September 29, 2016, FWR successfully launched its delivery service state-wide in Vermont which allows FWR to deliver medical cannabis to patients across the state.

For the purposes of Staff Notice 51-352, the Company's loan to FWR is classified as "ancillary" involvement in the United States cultivation or distribution industry. The applicable regulations in the State of Vermont are summarized below.

Summary of Vermont Regulations

The State of Vermont has authorized the cultivation, possession and distribution of marijuana by certain licensed Vermont marijuana businesses. The Vermont Department of Public Health regulates Vermont's marijuana regulatory program. The Company is advised by legal counsel and/or other advisors in connection with Vermont's marijuana regulatory program. The Company only engages in transactions with Vermont marijuana businesses that hold licenses that are in good standing to cultivate, possess and/or distribute marijuana in Vermont in compliance with Vermont's marijuana regulatory program. To the extent required by Vermont's marijuana regulatory program, the Company has fully disclosed and/or registered each financial interest iAnthus holds in such Vermont marijuana businesses. The Company and its investee (FWR) are in compliance with Vermont's marijuana regulatory program.

Summary of New Mexico Investment

RGA was formed on April 2, 2014 for the primary purpose of serving as: (i) a branding, marketing and consulting company to license and/or sublicense certain technology and product names, (ii) a holding company for acquiring, leasing, and/or managing real estate, fixtures and equipment, and (iii) an entity that enters into financial transactions to support operating companies. RGA currently manages three cultivation operations in Albuquerque, New Mexico totaling 13,200 square feet and four dispensary locations, also in Albuquerque, New Mexico. Working with the Company, RGA is currently instituting an expansion of its cultivating facilities and dispensaries, as well as developing a production strategy to provide value-added cannabis-infused products for its license holders and others in the State of New Mexico.

In January 2016, the Company entered into a loan agreement with RGA (the "**RGA Loan Agreement**"). As of September 30, 2016, the Company loaned an aggregate of US$2,270,000 to RGA. The loan bore interest at a rate of 20% and was convertible into Class A-1 units of RGA. On October 12, 2016, the Company converted the loan into 229,774 Class A-1 units of RGA, representing a 24.6% ownership stake in RGA. The RGA Loan Agreement was considered a related party transaction because the founder and CEO of RGA, Willie Ford, is a shareholder of the Company and is the brother of Hadley Ford (a director and officer of the Company). The Company has the ability to exercise significant influence over RGA as the Company holds more than 20% of the voting interests and can elect two of seven directors to the board of RGA.

For the purposes of Staff Notice 51-352, the Company's investment in RGA is classified as "ancillary" involvement in the United States cultivation or distribution industry. The applicable regulations in the State of New Mexico are summarized below.

Summary of New Mexico Regulation

New Mexico has authorized the cultivation, possession and distribution of marijuana by certain licensed New Mexico marijuana businesses. The New Mexico Department of Health regulates New Mexico's marijuana regulatory program. The Company is advised by legal counsel and/or other advisors in connection with New Mexico's marijuana regulatory program. The Company only engages in transactions with New Mexico marijuana businesses that hold licenses that are in good standing to cultivate, possess and/or distribute marijuana in New Mexico in compliance with New Mexico's marijuana regulatory program. To the extent required by New Mexico's marijuana regulatory program, the Company has fully disclosed and/or registered each financial interest the Company holds in such New Mexico marijuana businesses. The Company and its investee (RGA) are in compliance with New Mexico's marijuana regulatory program.

Summary of Colorado Investments

(i) Organix

On December 5, 2016, the Company, through its wholly-owned subsidiary, iAnthus Capital, acquired certain assets of Organix, the owner and operator of a Colorado medical and adult-use cannabis operation with a cultivation facility in Denver, Colorado and a medical and adult-use dispensary located in the town of Breckenridge, Colorado. The assets acquired include all real estate holdings of Organix's affiliate, DB Land Holdings, Inc. ("**DB**"), consisting of a 12,000 square foot cultivation facility in Denver, as well as all equipment and other tangible and intangible assets and all of the intellectual property of Organix, including its brands (the "**Organix Assets**"). The purchase price of the Organix Assets was US$4.670 million, subject to certain purchase price adjustments to be determined over a portion of the 2017 fiscal year. The foregoing assets are held by Scarlet Globemallow and Bergamot Properties.

In a related transaction, Bellflower, LLC ("**Bellflower**"), a Colorado limited liability company, agreed to acquire all cannabis inventory and licenses to cultivate, manufacture and sell cannabis-based products from Organix for US$300,000 (the "**Bellflower Transaction**"). The Company holds no ownership interest in Bellflower and accordingly, Bellflower is an arm's length party to the Company. Upon completion of the Bellflower Transaction, the Company, through Scarlet Globemallow and Bergamot Properties, provides a broad range of real estate, financing, intellectual property licensing and professional services to Bellflower. Scarlet Globemallow and Bergamot Properties were formed to provide long term contractual services to Bellflower and potentially other licensed cannabis operators in Colorado. Scarlet Globemallow has acquired substantially all of the Organix Assets and serves as a branding, marketing, financing, equipment leasing and professional services company to Bellflower and potentially to other licensed cannabis operators in Colorado. Bergamot Properties acquired and now holds all the applicable real estate and master leasehold interests associated with Organix's operations and serves as a lessor of real property to Bellflower.

On March 3, 2017, Bergamot Properties acquired a medical and adult-use dispensary in the town of Breckenridge, Colorado from DB for total consideration of US$510,025. Organix currently leases the property from Bergamot Properties.

For the purposes of Staff Notice 51-352, the assets held by the Company's subsidiaries, Scarlet Globemallow and Bergamot Properties, are classified as "ancillary" involvement in the United States cannabis industry for the purpose of Staff Notice 51-352.

(ii) TGS

On February 6, 2017, iAnthus Capital entered into a strategic relationship with TGS, an operator of 12 retail stores and a number of cultivation and processing facilities in the state of Colorado.

The strategic relationship includes a loan facility of US$7,500,000 (the "**TGS Loan Facility**") which has a term of one year. Interest on borrowings are payable at the rate of 14% during the first four months, escalating to 23% for the remaining eight months. As of the date of the AIF, the total amount drawn down, including accrued interest, was US$7,686,875.

In addition, TGS has entered into an advisory agreement to provide the Company with operational expertise and advice in support of the Company's investments in Massachusetts, Vermont, New Mexico and Colorado. TGS, through its affiliate TGS National, has agreed to facilitate introductions to franchisee operators in multiple states across the United States, presenting the Company with significant opportunities for additional financing and equity-based investment partnerships with TGS National's franchisee operators.

For the purposes of Staff Notice 51-352, the Company's loan to TGS is classified as "ancillary" involvement in the United States cultivation or distribution industry. The applicable regulations in the State of Colorado are summarized below.

Summary of Colorado Regulations

Colorado has authorized the cultivation, possession and distribution of marijuana by certain licensed Colorado marijuana businesses. The Colorado Marijuana Enforcement Division regulates Colorado's marijuana regulatory program. The Company is advised by legal counsel and/or other advisors in connection with Colorado's marijuana regulatory program. The Company only engages in transactions with Colorado marijuana businesses that hold licenses that are in good standing to cultivate, possess and/or distribute marijuana in Colorado in compliance with Colorado's marijuana regulatory program. To the extent required by Colorado's marijuana regulatory program, the

Company has fully disclosed and/or registered each financial interest the Company holds in such Colorado marijuana businesses. The Company, the Company's subsidiaries, Scarlet Globemallow and Bergamot Properties, and its investee (TGS) are in compliance with Colorado's marijuana regulatory program.

Summary of New York Investment

On August 14, 2017, the Company announced that it had signed a letter of intent to acquire 100% of Citiva Medical, which holds one of the 10 vertically integrated medical cannabis licenses in New York State, and Citiva USA, the owner of certain regulated cannabis industry assets and intellectual property. For further information see "Description of the Business – Recent Developments".

On August 18, 2017, the Company provided a secured promissory note of US$500,000 to Citiva Medical at 5% interest per annum, with a maturity date of August 18, 2018.

For the purposes of Staff Notice 51-352, the Company's loan to Citiva Medical is classified as "ancillary" involvement in the United States cultivation or distribution industry. If the Company closes the proposed transaction with Citiva Medical and Citiva USA, the Company will have "direct" involvement in the United States cultivation and distribution industry for the purposes of Staff Notice 51-352.

The applicable regulations in the State of New York are summarized below.

Summary of New York Regulation

New York has authorized the cultivation, possession and distribution of marijuana by certain licensed New York marijuana businesses. The New York State Department of Health regulates New York's marijuana regulatory program. The Company is advised by legal counsel and/or other advisors in connection with New York's marijuana regulatory program. The Company only engages in transactions with New York marijuana businesses that hold licenses that are in good standing to cultivate, possess and/or distribute marijuana in New York in compliance with New York's marijuana regulatory program. To the extent required by New York's marijuana regulatory program, the Company has fully disclosed and/or registered each financial interest the Company holds in such New York marijuana businesses (Citiva Medical). iAnthus and its investee (Citiva Medical) are in compliance with New York's marijuana regulatory program.

The applicable regulations in the State of New York are summarized below.

The State of New York has authorized the cultivation, possession and distribution of marijuana by certain licensed New York marijuana businesses. The New York State Department of Health regulates New York's marijuana regulatory program. The Company is advised by legal counsel and/or other advisors in connection with New York's marijuana regulatory program. The Company only engages in transactions with New York marijuana businesses that hold licenses that are in good standing to cultivate, possess and/or distribute marijuana in New York in compliance with New York's marijuana regulatory program. To operate a marijuana business in New York, an entity must submit an application for registration as a registered organization ("**RO**"). ROs are required to manufacture, transport, distribute and dispense marijuana for certified medical use. To the extent required by New York's marijuana regulatory program, the Company has fully disclosed and/or registered each financial interest the Company holds in such New York marijuana businesses. The Company and its investee (Citiva Medical) are in compliance with New York's marijuana regulatory program. In addition to the foregoing description, Staff Notice 51-352 also requires additional disclosure for issuers with a "direct" involvement in the United States cultivation and distribution industry. As noted above, the Company will only have "direct" involvement if it closes the transaction with Citiva Medical (for additional information see "Use of Proceeds"). Notwithstanding the forgoing, the additional disclosure is set forth as follows:

(i) Corporate Structure

An applicant must provide the New York State Department of Health with the applicant's organizational and operational documents, including explanations of parents and affiliates and affidavits regarding all owners, officers, board members, managers, and employees.

An applicant must provide the New York State Department of Health the applicant's financial statements setting forth all elements and details of any business transactions connected with the application, including but not limited to, all agreements and contracts for consultation and/or arranging for the assistance in preparing the application. An applicant must also provide the most recent financial statement of the applicant prepared in accordance with generally accepted accounting principles ("**GAAP**") applied on a consistent basis and certified by an independent certified public accountant.

If another entity maintains a 10% interest in the applicant, the applicant must provide a statement with the name and address of the entity together with a description of the goods, leases, or services and the probable or anticipated cost to the registered organization.

(ii) Premises Requirements

An applicant must provide the New York State Department of Health the identification of all real property, buildings, and facilities that will be used in manufacturing and dispensing activities and all equipment that will be used to carry out the manufacturing, processing, transportation, distributing, sale, and dispensing activities described in the application and operating plan. An applicant must provide the New York State Department of Health with all applicable executed and proposed deeds, leases, and rental agreements or executed option contracts related to the organization's real property interests, showing that the applicant possesses or has the right to use sufficient land, buildings, other premises, and equipment.

An applicant must demonstrate that the manufacturing and dispensing facilities have been completed or provide a statement indicating the anticipated source and application of the funds to be used in such purchase, lease, rental or construction, as well as anticipated date that construction, lease, rental or purchase will be completed must be included with this application. An applicant must also provide architectural plans.

(iii) RO Operations

An applicant must provide an operational plan that includes a detailed description of the RO's manufacturing processes, transporting, distributing, sale and dispensing policies or procedures. An applicant must also provide the New York State Department of Health with a timeline demonstrating the estimated timeframe from growing marijuana to production of a final approved product.

An applicant must enter into a labor peace agreement with a bona fide labor organization.

An applicant must provide the New York State Department of Health a staffing plan for staff to be involved in activities related to the cultivation of marijuana, the manufacturing and/or dispensing of approved medical marijuana products, and/or staff with oversight responsibilities.

An applicant must provide the New York State Department of Health proof from the local internet service provider(s) that all of the applicant's manufacturing and dispensing facilities are located in an area with internet connectivity.

An applicant must provide the security plan of the applicant's proposed manufacturing and dispensing facilities indicating how the applicant will comply with all legal requirements.

(iv) Record Keeping and Inventory Tracking

An applicant must provide the New York State Department of Health with detailed descriptions of plans, procedures and systems adopted and maintained for seed to sale tracking, record keeping, record retention and surveillance systems relating to all medical marijuana at every stage, including cultivating, possessing of marijuana, and manufacturing, delivery, transporting, distributing, sale and dispensing by the proposed registered organization.

(v) Pricing

ROs must submit the proposed prices of approved medical marijuana products to the Department of Health for approval with documentation to support them. Documentation is to include all costs the RO considered to arrive at its proposed price. In doing so, the RO may submit documentation related to indirect costs for consideration by the Department.

(vi) Testing

The Department of Health's Wadsworth Laboratories conducts the final product testing. The regulations require that the testing of each lot of final medical marijuana product be conducted with a statistically significant number of samples using acceptable methodologies to ensure that all lots manufactured of each medical marijuana product are adequately assessed for contaminants and the cannabinoid profile is consistent throughout.

(vii) Labelling

An RO's dispensing must affix a patient-specific dispensing label approved by the Department of Health that is easily readable, firmly affixed and includes patient and care giver names and registry ID numbers, the certifying practitioner's name, the dispensing facility contact information, the dosing and administration instructions, the quantity and date dispensed, and any recommendations or limitations.

Summary of Florida Investment

On September 14, 2017, the Company announced it had entered into an agreement to provide a US$2 million credit facility to GrowHealthy (the "**GrowHealthy Loan Facility**"). GrowHealthy's subsidiary, McCrory's Sunny Hill Nursery, LLC, is one of the 12 current Florida Medical Marijuana Treatment Centers licensed to provide medical cannabis under Florida's medical marijuana law. In addition to the GrowHealthy Loan Facility, the Company entered into exclusive negotiations with GrowHealthy regarding a further strategic relationship between the parties.

The GrowHealthy Loan Facility is in the amount of US$2 million, with a term of 12 months and a blended interest rate of 12.5% over the term, initiating at a 5% annual rate until January 31, 2018 and escalating to 20% for the remainder of the term. The GrowHealthy Loan Facility is secured by GrowHealthy's real estate holdings and related assets at its Lake Wales cultivation and processing facility. As part of the agreement, the Company has been granted exclusive rights to negotiate a further strategic relationship with GrowHealthy.

On October 12, 2017, the Company announced that it purchased 2,925,003 Class B Shares of GrowHealthy for a total purchase price of US$3,000,000. For further information on GrowHealthy and the exclusivity agreement the Company has with GrowHealthy and GrowHealthy's affiliates, see "Description of the Business" in the AIF.

For the purposes of Staff Notice 51-352, the Company's investment in GrowHealthy is classified as "indirect" involvement in the United States cultivation or distribution industry because the Company has a non-controlling interest in GrowHealthy. The applicable regulations in the State of Florida are summarized below.

Summary of Florida Regulation

Florida has authorized the cultivation, possession and distribution of marijuana by certain licensed Florida marijuana businesses. The Florida Department of Health, Office of Medical Marijuana Use regulates Florida's marijuana regulatory program. The Company is advised by legal counsel and/or other advisors in connection with Florida's marijuana regulatory program. The Company only engages in transactions with Florida marijuana businesses that hold licenses that are in good standing to cultivate, possess and/or distribute marijuana in Florida in compliance with

Florida's marijuana regulatory program. To the extent required by Florida's marijuana regulatory program, the Company has fully disclosed and/or registered each financial interest the Company holds in such Florida marijuana businesses. The Company and its investee (GrowHealthy) are in compliance with Florida's marijuana regulatory program. In addition to the foregoing description, Staff Notice 51-352 also requires additional disclosure for issuers with an "indirect" involvement in the United States cultivation and distribution industry.

The applicable regulations in the State of Florida are summarized below.

(i) Registration and Certification

In order to become a licensed Medical Marijuana Treatment Center ("**MMTC**"), each applicant must pass a background check and submit audited certified financial statements. The MMTC is to provide an organizational chart illustrating the supervisory structure, including all owners, officers, board members, managers, and employees.

An applicant must also demonstrate that all owners, officers, board members, and managers have passed a level-2 background check. In addition, each owner, officer, board member, and manager must be fingerprinted.

Each applicant must employ a Medical Director to supervise the activities of the MMTC. The Medical Director can only be employed by one MMTC.

The MMTC must also demonstrate it has been registered to do business in Florida for the prior five consecutive years and that the applicant possesses a valid certificate of registration issued by the Department of Agriculture and Consumer Services.

(ii) Inspections

An MMTC needs to be prepared to be inspected prior to receiving approval from the Department of Health to be authorized to begin cultivation, processing, and dispensing. The MMTC is to have inspection processes in place to handle pests that endanger or threaten the horticulture or agriculture of the state of Florida.

(iii) Security Requirements

As part of the MMTC application, the applicant must provide information about the MMTC's security plan, including the following: (i) plan to ensure a sanitary and safe processing facility; (ii) an alarm system that secures all entry points and perimeter windows and is equipped with motion detectors, pressure switches and duress, panic and hold-up alarms; (iii) video surveillance that: (a) records continuously for 24 hour per day, (b) has cameras in fixed places that allow for the clear identification of persons and activities in the controlled areas of the premises, including grow rooms, processing rooms, storage rooms, disposal rooms/areas and point of sale rooms, (c) has the capability of recording clear images and displays the time and date of the recording, and (d) demonstrates a plan for retention of recordings for at least 45 days; and (iv) outdoor lighting.

In addition, the applicant must show a storage plan for each cultivation, processing, dispensing, and delivery facility, including the following: safes, vaults, climate control, plans to ensure all medical marijuana is stored in a secured locked room or vault; and plans to ensure at least 2 security personnel are on the premises where the cultivation, processing, and storage occur, at all times.

(iv) Operations

As part of the MMTC application, the applicant must provide information about the MMTC's infrastructure, including the following: (i) communication systems; (ii) facility odor mitigation; and (iii) back-up systems for all cultivation and processing systems.

The MMTC must demonstrate it has a cultivation plan that will ensure consistent supply of safe medical marijuana for patients that addresses the following: (i) the applicant's expertise cultivating medical marijuana; (ii) the proper conditions and techniques for cultivating marijuana; and (iii) the steps the applicant will take to ensure a sanitary and safe cultivation facility.

(v) Record Keeping and Inventory Tracking

MMTC's must have diversion and trafficking prevention procedures, including the following: (i) a plan for tracking and securing medical marijuana throughout an applicant's supply chain, which includes a seed-to-sale system; (ii) descriptions of an inventory control system for medical marijuana and derivative products; and (iii) a description of personal qualifications and experience with chain of custody or other tracking mechanisms.

In addition, MMTC's must have a transportation plan, including the following information: (i) proposed vehicles to be used for the business, including transporting between an MMTC's facility and delivering to patients; (ii) vehicle tracking systems; (iii) vehicle security systems, including plan to incorporate separate locking compartments to store any medical marijuana product or delivery devices; and (iv) the use of transportation manifests that are generated from the seed-to-sale tracking system, including (a) the departure date, (b) name, location, address and license number of the originating MMTC, (c) quantity and form of product to be delivered, (d) arrival date and estimated time of arrival, (e) name and signature of the employee delivering the product. These transportation manifests will be retained for a period of at least 3 years.

Summary of Maryland Investment

The Company holds a non-material preferred stock position in 4Front purchased for US$99,969. The Company's equity position in 4Front is approximately 0.3% of 4Front's issued and outstanding shares. The Company understands that 4Front, through various subsidiaries, holds a direct interest in only one license in the United States; specifically, a 65% interest in one dispensary license in the State of Maryland. Such dispensary is not operational yet and the Company's interest in 4Front is not material.

The Company, and to the best of the Company's knowledge, its investee (4Front), are in compliance with Maryland's medical marijuana regulatory program. In addition to the foregoing description, Staff Notice 51-352 also requires additional disclosure for issuers with an "indirect" involvement in the United States cultivation and distribution industry.

The applicable regulations in the State of Maryland are summarized below.

Summary of Maryland Regulation

(i) Registration and Certification

The Maryland Medical Cannabis Commission (the "**MMCC**") grants medical cannabis grower, processor, and dispensary licenses. A licensee may hold a license in each category to obtain vertical integration. The applicant must first seek pre-approval from the MMCC in order to be granted a license. As part of the pre-approval application, the applicant must submit information related to its operations; safety and security; medical cannabis professionalism; retail management factors; business and economic factors; and other additional factors that may apply.

In order to become a licensed medical cannabis dispensary, each applicant must submit an application detailing the location of the proposed dispensary, the personal details of each principal officer or director, and operating procedures the dispensary will use. An owner, a member, an employee, a volunteer, an officer, or a director of a dispensary must undergo a criminal background check and register as a dispensary agent.

Once licensed, the medical cannabis dispensary is required to submit to the MMCC quarterly reports including the following information: (i) the number of patients served; (ii) the county of residence of each patient served; (iii) the medical condition for which medical cannabis was recommended; (iv) the type and amount of medical cannabis dispensed; and (v) if available, a summary of clinical outcomes, including adverse events and any cases of suspected diversion. The medical cannabis dispensary must not include any patient personal information in the quarterly report.

(ii) Inspections

A medical cannabis dispensary is inspected by the MMCC prior to receiving approval from the MMCC to be authorized to begin cultivation, processing, and dispensing.

(iii) Safety and Security Requirements

As part of the medical cannabis dispensary application, the applicant must provide information about the dispensary's operating procedures consistent with the oversight regulations established by the MMCC, including the following: (i) storage of cannabis and products containing cannabis only in enclosed and locked facilities; (ii) security features and procedures; (iii) how the dispensary will prevent diversion; and (iv) safety procedures.

As part of the safety and security requirements, the applicant must detail how the premises will be constructed to prevent unauthorized entry, including a designation of a secured room meeting high-security requirements. The applicant must describe how it would train all registered dispensary agents on safety procedures, including responding to: (i) a medical emergency; (ii) a fire; (iii) a chemical spill; and (iv) a threatening event including: (1) an armed robbery, (2) an invasion, (3) a burglary, or (4) any other criminal incident.

The applicant must describe its security and surveillance plan with information including the following: (i) an alarm systems that covers all perimeter entry points, windows, and portals at the premises that: (a) will be continuously monitored; (b) detects smoke and fire capabilities; (c) detects power loss capabilities; (d) includes panic alarm devices mounted at convenient, readily-accessible locations through the licensed premises; (e) inclusion of a second, independent alarm system to protect where records are stored on-and off-site and where any secure room holds medical cannabis; (f) equipped with auxiliary power to continue operation for at least 48 hours; (ii) a video surveillance that: (a) records continuously for 24 hours per day for 365 days a year without interruption, (b) has cameras in fixed places that allow for the clear facial identification and of activities in the controlled areas of the premises, including where medical cannabis is packaged, tested, processed, stored, or dispensed, (c) has the capability of recording clear images and displays the time and date of the recording, and (d) demonstrates a plan for retention of recordings for at least 30 days.

(iv) Operations

As part of the dispensary application, the applicant must provide information about the dispensary's operations, including the following: (i) communication systems; (ii) facility odor mitigation; and (iii) back-up systems for all cultivation and processing systems. The applicant must establish a standard operating procedure of all aspects of the receipt, storage, packaging, labeling, handling, tracking, and dispensing of products containing medical cannabis and medical cannabis waste.

In addition, the applicant must provide information about the dispensary's medical cannabis professionalism, including the following information: (i) experience, knowledge, and training in training dispensary agents in the science and use of medical cannabis; and (ii) use of a clinical director.

The applicant must also provide information about the dispensary's retail management operations, including the following: (i) a detailed plan to preserve the quality of the medical cannabis; (ii) a plan to minimize any negative impact on the surrounding community and businesses; (iii) a detailed inventory control plan; and (iv) a detailed medical cannabis waste disposal plan.

The business and economic factors of the dispensary business must also be detailed, including the following information: (i) a business plan demonstrating a likelihood of success, demonstrating sufficient business ability and experience on the part of the applicant, and providing for appropriate employee working conditions, benefits, and training; (ii) demonstration of adequate capitalization; and (iii) a detailed plan evidencing how the dispensary will enforce the alcohol and drug free workplace policy.

Additional information the applicant must also provide includes the following: (i) demonstration of Maryland residency among the owners and investors; (ii) evidence that the applicant is not in arrears regarding any tax obligation in Maryland or other jurisdictions; and (iii) the medical cannabis extracts and medical cannabis-infused products proposed to be dispensed with proposed cannabinoid profiles, including varieties with high cannabidiol content, and the varieties of routes of administration.

(v) Record Keeping and Inventory Tracking

Maryland requires use of a seed-to-sale tracking system. The applicant must create and use a perpetual inventory control system that identifies and tracks the stock of medical cannabis from the time it is delivered or produced to the time it is delivered to a grower or qualified caregiver. The applicant must describe how it will assure the integrity of the electronic manifest and inventory control system and that a cannabis transportation agent will continue the chain of custody to a dispensary agent.

The applicant must retain attendance records and ensure dispensary agents are trained on the record retention and standard operating procedure.

Compliance with Applicable State Law in the United States

Each investee complies with applicable U.S. state licensing requirements as follows: (1) each investee is licensed pursuant to applicable U.S. state law to cultivate, possess and/or distribute marijuana in such state; (2) renewal dates for such licenses are docketed by legal counsel and/or other advisors; (3) random internal audits of the investee's business activities are conducted by the applicable state regulator and by the respective investee to ensure compliance with applicable state law; (4) each employee is provided with an employee handbook that outlines internal standard operating procedures in connection the cultivation, possession and distribution of marijuana to ensure that all marijuana inventory and proceeds from the sale of such marijuana are properly accounted for and tracked and using scanners to confirm each customer's legal age and the validity of each customer's drivers' license; (5) each room that marijuana inventory and/or proceeds from the sale of such inventory enter is monitored by video surveillance; (6) software is used to track marijuana inventory from seed to sale; and (7) each investee is contractually obligated to the Company to comply with applicable state law in the United States in connection with the cultivation, possession and/or distribution of marijuana.

The Company's United States legal counsel reviews, from time to time, the licences and documents referenced above in order to confirm such information and identify any deficiencies.

Each investee that is a license holder (specifically, Mayflower, FWR, TGS, Citiva Medical, GrowHealthy and 4Front) holds licenses that are in good standing to cultivate, possess and/or distribute marijuana in its respective state in the United States in compliance with its respective state marijuana regulatory program. To the knowledge of the Company, no investee has experienced any material non-compliance and no investee is subject to any notices of violation by its respective regulatory authority.

Cole Memorandum and Continued Review of Changes in Law

Aside from complying with applicable state law of the United States, each investee takes the following steps to ensure its marijuana operations are conducted in a manner consistent with the United States federal enforcement priorities articulated in the memorandum dated August 29, 2013 addressed to "All United States Attorneys" from James M. Cole, Deputy Attorney General of the United States, and having the subject line "Guidance Regarding Marijuana Enforcement" (the "**Cole Memorandum**"). Pursuant to the Cole Memorandum, such enforcement priorities are to: (1) prevent the distribution of marijuana to minors by using scanners to confirm each customer's legal age and the validity of each customer's driver's license; (2) prevent revenue from marijuana from going to criminal enterprises, gangs and cartels by conducting background checks on each owner of an investee, employee and/or prospective employee and by ensuring that all marijuana inventory and proceeds from the sale of such marijuana are property accounted for and tracked; (3) prevent the diversion of marijuana from states where it is legal under state law in some form to other states by only dispensing marijuana through licensed dispensaries located in states where marijuana is legal under state law in some form and not dispensing any quantity of marijuana to a customer in excess of the legal limits under applicable state law (e.g., 2 ounces); (4) prevent state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity by prohibiting the sale of any inventory other than marijuana inventory and accessories; (5) prevent violence and the use of firearms in the cultivation and distribution of marijuana by ensuring that each room that marijuana inventory and/or proceeds from the sale of such inventory enter is monitored by video surveillance, prohibiting employees from bringing firearms on the premises and ensuring that safes are used to store large amounts of proceeds from the sale of marijuana inventory; (6) prevent drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use by prohibiting the consumption of marijuana on the premises, prohibiting the usage of harmful pesticides on marijuana inventory and testing marijuana inventory to confirm a lack of harmful pesticides and ideal cannabinoid levels; (7) prevent the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands by only cultivating, possessing or dispensing marijuana on private property with all requisite licenses and permits to cultivate, possess and/or distribute marijuana on such private property; and (8) prevent marijuana possession or use on federal property by only cultivating, possessing and dispensing marijuana on private property with all requisite licenses and permits to cultivate, possess and/or distribute marijuana on such private property.

The Company's United States legal counsel reviews, from time to time, each investee's procedures with respect to the Cole Memorandum in order to confirm if each investee's operations are conducted in a manner consistent with the Cole Memorandum.

In addition, the Company, along with its United States legal counsel and other professional advisors, regularly monitor the activities of the Trump Administration (as defined in "Risk Factors") for evidence if the Company will contravene the Rohrabacher-Farr Amendment (as defined in "Risk Factors") or the guidance provided in the Cole Memorandum.

Ability to Access Public and Private Capital

The Company has historically, and continues to have, robust access to equity and debt financing from the public and prospectus exempt (private placement) markets in Canada. Specifically: (i) in November, 2016, the Company closed an equity bought deal offering and concurrent non-brokered private placement for gross proceeds of approximately $21,500,000; (ii) in February 2017, the Company closed a convertible debenture brokered private placement for gross proceeds of $20,000,000; and (iii) in connection with this Offering, the Company also expects to close the Concurrent Private Placement for gross proceeds of up to $4,600,000.

If such equity and/or debt financing was no longer available in the public markets in Canada due to changes in applicable law, then the Company expects that it would have access to raise equity and/or debt financing privately.

Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to the Company's projects. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants. There can be no assurance that additional financing, if raised privately, will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability. See "Risk Factors".

DIVIDENDS

The Company has not declared or paid dividends since incorporation and has no present intention to declare or pay any dividends in the foreseeable future. Any decision to declare or pay dividends will be made by the Company's board of directors (the "**Board of Directors**") based upon the Company's earnings, capital requirements and other conditions existing as such future time.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as at the dates indicated, adjusted to give effect to the Offering and the above noted changes, on the share and loan capital of the Company since June 30, 2017, the date of the Company's most recently filed financial statements. This table should be read in conjunction with the consolidated financial statements of the Company and the related notes and management's discussion and analysis of financial condition and results of operations in respect of those statements that are incorporated by reference in this Prospectus.

	As at June 30, 2017 before giving effect to the Offering and the Concurrent Private Placement	**As at June 30, 2017 after giving effect to the Offering and the Concurrent Private Placement**(1)
Common Shares(2)	16,294,456	26,072,838
Class A Shares(3)	11,255,000	11,255,000
Compensation Warrants	275,758	706,258
Stock Options(4)	2,526,000	2,526,000
Warrants(5)	5,667,215	6,067,715
Convertible Notes(6)	772,727	772,727
Convertible Debentures(7)	6,403,226	6,403,226
Fully diluted issued and outstanding	43,194,382	53,803,764

Notes:

(1) Assuming the Over-Allotment Option is exercised in full and 2,705,882 Common Shares are issued and sold by the Company pursuant to the Concurrent Private Placement.

(2) 5,625,212 Common Shares are held in escrow pursuant to the escrow agreement dated August 12, 2016 among the Company, Computershare Investor Services Inc. and certain shareholders. See "Escrowed Securities" in the AIF.

(3) For a description of the rights associated with the Class A restricted voting convertible shares (the "**Class A Shares**"), see: "Description of Capital Structure – Class A Shares" in the AIF.

(4) On November 23, 2015, the Company issued 387,500 options that are exercisable into Class A Shares at an exercise price of US$1.00 per Class A Share and with an expiry date of November 23, 2025. On April 19, 2016 and October 30, 2016, 12,500 and 30,000 of these options were cancelled respectively. On March 7, 2016, the Company issued 165,000 options that are exercisable into Class A Shares at an exercise price of US$1.25 per Class A Share and with an expiry date of March 7, 2026. On October 30, 2016, 20,000 of these options were cancelled. On April 19, 2016, the Company issued 100,000 options that are exercisable into Class A Shares at US$1.25 per Class A Share and with an expiry date of April 19, 2026. On November 29, 2016, 21,250 of these options were exercised and the remainder were cancelled. On May 1, 2016, the Company issued 50,000 options that are exercisable into Class A Shares at an exercise price of US$1.25 per Class A Share and with an expiry date of May 1, 2026. On May 11, 2016, the Company issued 360,000 options that are exercisable into Class A Shares at an exercise price of US$1.25 per Class A Share and with an expiry date of May 11, 2026. On May 17, 2016, the Company issued 200,000 options that are exercisable into Class A Shares at an exercise price of US$1.25 per Class A Share and with an expiry date of May 17, 2026. On May 19, 2016, the Company issued 100,000 options that are exercisable into Class A Shares at an exercise price of US$1.25 per Class A Share and with an expiry date of May 19, 2026. On September 9, 2016, the Company issued 273,000 options that are exercisable into Common Shares at an exercise price of $1.50 per Common Share and with an expiry date of September 9, 2026. On September 21, 2016, the Company issued 65,000 options that are exercisable into Common Shares at an exercise price of $1.76 per Common Share and with an expiry date of September 21, 2026. On January 17, 2017, the Company issued 153,000 options that are exercisable into Common Shares at an exercise price of $2.91 per Common Share and with an expiry date of January 17, 2027. On March 31, 2017, the Company issued 835,000 options that are exercisable into Common Shares at an exercise price of $3.10 per Common Share and with an expiry date of March 31, 2027.

(5) On February 8, 2016, the Company issued 50,000 warrants that are exercisable into Class A Shares at an exercise price of US$1.25 per Class A Share and expire on February 8, 2021. All 50,000 of these warrants were exercised as of June 30, 2017. On February 10, 2016, the Company issued 106,061 warrants in connection with a convertible promissory note entered into on February 10, 2016. The warrants are exercisable into Class A Shares at an exercise price of US$1.75 per Class A Share and expire on February 10, 2019. An additional 169,697 warrants were issued in connection with a convertible promissory note entered into on February 24, 2016. The warrants are exercisable into Class A Shares at an exercise price of US$1.75 per Class A Share and expire on February 24, 2019. On November 18, 2016, the Company issued 5,120,260 warrants pursuant to a bought deal offering and a non-brokered private placement of units of the Company. Each unit consisted of one Common Share and one-half of one warrant and each whole warrant is exercisable at an exercise price of $3.00 and expire November 18, 2018. 12,500 of these warrants had been exercised as of June 30, 2017. The Company issued 658,182 broker warrants pursuant to the bought deal offering that closed on November 18, 2016, which broker warrants expire on November 18, 2018. The brokers warrants are exercisable at $2.10 into one Common Share and one-half warrant with each whole warrant being exercisable at $3.00 until November 18, 2018. On May 4, 2017, 197,455 broker warrants were exercised and as a result, 98,727 warrants were issued. On October 12, 2017, the Company issued a total of 267,000 warrants to lenders in connection with unsecured promissory notes in the aggregate principal amount of US$3,000,000. Each warrant entitles the holder to acquire one Common Share at a price of $2.65 per Common Share until October 11, 2019. If the Company did not repay such promissory notes on or before November 10, 2017, then the Company was required to issue the lenders a further 133,500 warrants. The Company did not repay the promissory notes on or before November 10, 2017;

accordingly, the Company issued a further 133,500 warrants at an excise price of $2.03 per Common Share. Such warrants are exercisable until November 10, 2019. See "Description of the Business – Recent Developments – GrowHealthy".

(6) In February 2016, the Company issued two unsecured convertible promissory notes for a total principal amount of US$1,300,000. The unsecured convertible promissory notes, which are convertible at prices ranging from US$1.00 to US$1.65 per share contingent on certain milestones being met and bear interest at 8.0% per annum.

(7) On February 28, 2017, the Company closed a brokered private placement of unsecured convertible debentures (the "**Convertible Debentures**") in the aggregate principal amount of $20,000,000. The Convertible Debentures bear interest at 8.0% per annum, payable semi-annually on the last day of February and August of each year. The Convertible Debentures are convertible at the option of the holder into Common Shares at any time prior to the close of business on the maturity date at a conversion price of $3.10 per common share (the "**Conversion Price**"). The Company may force the conversion of all of the principal amount of the then outstanding Convertible Debentures at the Conversion Price on 30 days prior written notice should the daily volume weighted average trading price of the Common Shares be greater than $4.50 for any 10 consecutive trading days.

There have been no material changes to the Company's share and loan capitalization on a consolidated basis since June 30, 2017 except as disclosed in "Description of the Business – Recent Developments".

USE OF PROCEEDS

Assuming no exercise of the Over-Allotment Option (in whole or in any part), the net proceeds of the Offering and the Concurrent Private Placement, after deducting the Agents' Fee and the estimated expenses of the Offering of $400,000, are estimated to be $13,923,150. Until the Closing Date, all subscription funds received by the Agents will be held in trust, pending the closing of the Offering. If the Offering has not been subscribed for within the distribution period of the Common Shares, the Agents shall promptly return the proceeds of the subscription to the purchasers without interest or deduction. There is no minimum amount of funds that must be raised pursuant to the Offering. This means the Company could complete the Offering after raising only a small proportion of the Offering amount set out herein. The net proceeds of the Offering are currently intended to be used for acquisition financing, other capital projects and general corporate purposes. Specifically, the Company expects to use the net proceeds of the Offering and Concurrent Private Placement for the following purposes:

Project	Timeline	Milestone	Allocation of Net Proceeds
New York(1)	November 2017	Definitive documentation and closing	$6,059,180
New York(2)	November 2017 – June 2018	Facility build-out and operating costs	$1,902,450
Repayment of Promissory Note(3)	November 2018	N/A	$3,804,900
Massachusetts (Mayflower)(4)	November 2017– March 2018	Dispensary build-out	$951,225
General Corporate Purposes	November 2017 – March 2018	N/A	$1,205,395
		Total	$13,923,150(5)

Notes:

(1) See "iAnthus' Projects and Services – Citiva Medical, LLC and Citiva, LLC" in the AIF. Completion of the transaction is subject to a number of conditions including definitive documentation. There can be no assurance that the transaction will be completed as proposed or at all and accordingly, the Company reserves the right to reallocate such funds to future acquisitions. This amount is calculated as the cash purchase price of US$3,600,000 converted to CDN$4,565,880 (using an exchange rate of US$1.2683 per CDN$1.00, see "Exchange Rate Data"), US$1,000,000 for the Citiva Credit Facility converted to CDN$1,268,300 (using the forgoing exchange rate), plus CDN$225,000 in legal and professional expenses.

(2) Represents construction costs associated with four authorized dispensaries in New York State for the distribution and sale of medical cannabis products. It is expected that Citiva Medical will lease four retail locations and undergo the tenant improvements, which includes the interior construction and/or design of the dispensaries in Brooklyn, Staten Island, Dutchess County and Chemung County. Currently Citiva Medical is in the process of identifying and securing leases for all four dispensary locations and no tenant improvements have been made to date. The Company expects that leases for the dispensary locations in Brooklyn and Staten Island to be finalized in the fourth quarter of 2017 and the first quarter of 2018 for Dutchess County and Chemung County. The Company expects total capital expenditures for the tenant improvements for the Brooklyn and Staten Island dispensaries to be approximately US$1,000,000 (CDN$1,268,300 using the currency exchange referenced in Note 1 above). The Company expects tenant improvements for Dutchess County and Chemung County

dispensaries to be approximately US$500,000 (CDN$634,150 using the above-referenced currency exchange rate). In addition, the Company expects approximately 8.5 acres of land located in Orange County, New York, to be used in connection with the four season hybrid greenhouse and processing facility. The Company expects the total land purchase price to be approximately US$640,000 converted to CDN$811,712 (using the foregoing exchange rate). Unless additional funds are raised, the Company does not expect to purchase the land package in the next 12 months. Accordingly, the "Use of Proceeds" does not contemplate the expenditures associated with the purchase of the land package or the build-out of the cultivation facility.

(3) Repayment of unsecured promissory note in the aggregate amount of US$3,000,000 (CDN$3,804,900 using the currency exchange referenced in Note 1 above). For further information on the promissory note see "Recent Developments – GrowHealthy".

(4) Structured as a loan to Pilgrim Rock, the corporate vehicle formed to manage the construction of a cannabis cultivation facility in Holliston, Massachusetts and a dispensary in Boston, Massachusetts in connection with the Company's investment in Mayflower. The Company expects the loan to be used for the following purpose: (i) final payments totaling US$750,000 (CDN$951,225 using the exchange rate referenced in Note 1 above) for the construction of Mayflower's 36,000 square foot cultivation and production facility in Holliston Massachusetts, as well as final payments to the equipment vendors for the equipment in the commercial kitchen and extraction lab and (ii) construction of two of the three authorized medical cannabis dispensaries, including Mayflower's flagship dispensary in Boston The Company expects Mayflower to lease one additional retail location (three total), the exact location of which is in the process of being finalized. The Company expects that the costs associated with the build-out of the retail locations to be US$2,000,000 (CDN$2,536,600 using the foregoing exchange rate), and will include interior/exterior design, construction, and equipment. Unless additional funds are raised, the Company does not expect that the build-out of the retail locations will be completed in the next 12 months. Pilgrim Rock is a related party to the Company Randy Maslow (an officer and director of the Company), is the sole manager of Pilgrim Rock. It is expected that the related party transaction will be exempt from the valuation and minority shareholder approval requirements of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* because the fair market value of the loan will be less than 25% of the Company's market capitalization.

(5) Assumes an aggregate of $4,600,000 of Common Shares are issued and sold by the Company in the Concurrent Private Placement.

If the Over-Allotment is exercised, the Company will use the additional proceeds for working capital.

During the fiscal year ended December 31, 2016 and the six-month period ended June 30, 2017, the Company had negative operating cash flow. If the Company continues to have negative cash flow in the future, the net proceeds of the Offering and Concurrent Private Placement may be allocated to fund this negative cash flow in conjunction with the operational expenses listed above. Management believes that: (i) the Company has sufficient working capital to continue operations for the next 12 months and (ii) the loan to TGS has no known collectability issues. For further information on the loan to TGS see: "Description of the Business – Issuers with United States Cannabis-Related Assets – Nature of Investments in the United States – Summary of Colorado Investments – TGS".

While the Company currently anticipates that it will use the net proceeds of the Offering and Concurrent Private Placement as set forth above, the Company may re-allocate the net proceeds of the Offering and Concurrent Private Placement from time to time, giving consideration to its strategy relative to the market, development and changes in the industry and regulatory landscape, as well as other conditions relevant at the applicable time. Until utilized, the net proceeds of the Offering and Concurrent Private Placement will be held in cash balances in the Company's bank account or invested at the discretion of the Board of Directors. Management will have discretion concerning the use of the net proceeds of the Offering and Concurrent Private Placement as well as the timing of their expenditure.. See "Risk Factors".

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Company has appointed the Agents to act as its agents to offer for sale to the public, on a "best efforts" basis, up to 6,150,000 Common Shares at the Offering Price as provided in this Prospectus if, as and when issued by the Company and accepted by the Agents in accordance with the terms of the Agency Agreement, for gross proceeds of up to $10,455,000, subject to compliance with all necessary legal requirements and to the conditions of the Agency Agreement.

The Company has granted to the Agents an Over-Allotment Option, exercisable in whole or in part, at any time and from time to time in the sole discretion of the Agents, by the Agents giving notice to the Company up to 30 days after the Closing Date, to arrange for the sale of up to 922,500 Additional Common Shares at the Offering Price. This Prospectus also qualifies the distribution of the Over-Allotment Option and the distribution of the Additional Common Shares that may be offered upon the exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Over-Allotment Option acquires those securities under this Prospectus.

The obligations of the Agents under the Agency Agreement are conditional and may be terminated in their sole discretion on the basis of their assessments of the state of the financial markets, their satisfaction with the results of their due diligence investigations and in certain other stated circumstances. While the Agents have agreed to use their “best efforts” to sell the Common Shares, the Agents are not obligated to purchase any Common Shares not sold.

Under the Agency Agreement, the Company has agreed to indemnify and save harmless the Agents, their affiliates, directors, officers, employees, agents and shareholders against certain liabilities, including civil liabilities under the Canadian provincial securities legislation, and to contribute to any payments the Agents may be required to make in respect thereof.

Subscriptions for the Common Shares will be received subject to rejection or allotment in whole or in part and the Agents reserve the right to close the subscription books at any time without notice. All subscription funds received by the Agents will be held in trust, pending the closing of the Offering. If the Offering has not closed on or before 90 days from the issuance of a receipt for the final prospectus, the Offering will be discontinued and all subscription monies will be returned to purchasers by the Agents without interest or deduction, unless an amendment to the prospectus is filed and a receipt has been issued for such amendment.

The Company has applied to list the Common Shares to be distributed under this Prospectus on the CSE. Listing will be subject to the Company fulfilling all of the requirements of the CSE.

In connection with the Offering and subject to applicable laws, the Agents may effect transactions that stabilize or maintain the market price of the Common Shares at a level other than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Agents may not, at any time during the period of distribution, bid for or purchase Common Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the CSE, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. As a result of these activities, the price of the Common Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Agents at any time. The Agents may carry out these transactions on any stock exchange on which the Common Shares are listed, in the over-the-counter market, or as otherwise permitted by applicable law.

The Agents may form a selling group with other registered investment dealers to market a portion of the Offering. Any fees payable to members of such selling group will be paid by the Agents out of the Agents’ Fee.

The Company has agreed, subject to certain limited exceptions, not to directly or indirectly, offer, issue, sell, grant, secure, pledge, or otherwise transfer, dispose of or monetize, or engage in any hedging transaction, or enter into any form of agreement or arrangement the consequence of which is to alter economic exposure to, or announce any intention to do so, in any manner whatsoever, any Common Shares or any securities convertible into or exchangeable for, or otherwise exercisable to acquire Common Shares or other equity securities of the Company for a period of 90 days after the Closing Date, without the prior written consent of the Lead Agent, on behalf of the Agents, such consent not to be unreasonably withheld, except in conjunction with: (i) the grant or exercise of stock options and other similar issuances pursuant to the share incentive plan of the Company and other share compensation arrangements, provided such options and other similar securities are granted or issued with an exercise price not less than the Offering Price; (ii) the exercise of outstanding warrants; (iii) obligations of the Company in respect of existing agreements; or (iv) the issuance of securities by the Company in connection with acquisitions in the normal course of business.

As a condition of closing of the Offering, each of the senior officers and directors of the Company will enter into agreements in favour of the Agents pursuant to which each will agree not to, directly or indirectly, offer, issue, sell, grant, secure, pledge, or otherwise transfer, dispose of or monetize, or engage in any hedging transaction, or enter into any form of agreement or arrangement the consequence of which is to alter economic exposure to, or announce any intention to do so, in any manner whatsoever, any Common Shares or other securities convertible into, exchangeable for, or otherwise exercisable to acquire Common Shares or other equity securities of the Company for a period of 90 days after the Closing Date, without the prior written consent of the Lead Agent, on behalf of the Agents, such consent not to be unreasonably withheld except in conjunction with i) transfers by any such person to its affiliates for bona fide tax or estate planning purposes, provided that each transferee shall, as a condition precedent to such transfer, agree to enter into a substantially similar undertaking; or ii) in order to accept a bona fide take-over bid made to all securityholders of the Company or similar business combination transaction. Notwithstanding the foregoing, it has been agreed that the foregoing restrictions shall not apply to the Class A restricted voting convertible shares of the Company previously pledged by Hadley Ford.

The Offering is being made in each of the provinces of Canada other than the Province of Québec. The Common Shares will be offered in each of the provinces of Canada other than Québec through those Agents or their affiliates who are registered to offer the Common Shares for sale in such provinces and such other registered dealers as may be designated by the Agents. Subject to applicable law, the Agents may offer the Common Shares outside of Canada.

United States

The Common Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws, and the Common Shares may not be offered, sold or delivered, directly or indirectly, to, or for the account or benefit of, persons in the United States or United States persons (as defined in Regulation S under the U.S. Securities Act) ("**U.S. Persons**"), except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Agents have agreed that, except as permitted by the Agency Agreement and as expressly permitted by applicable United States federal and state securities laws, they will not offer or sell any of the Common Shares to, or for the account or benefit of, persons in the United States or U.S. Persons. The Agency Agreement permits the Agents to offer the Common Shares outside the United States to non-U.S. Persons in compliance with Regulation S under the U.S. Securities Act. The Agency Agreement also permits the Agents, through U.S. registered broker-dealers, to offer the Common Shares to, or for the account or benefit of, persons in the United States and U.S. Persons to whom the Company will sell such securities directly where such persons are QIBs in compliance with Section 4(a)(2) under the U.S. Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Common Shares to, or for the account or benefit of, persons in the United States or U.S. Persons. In addition, until 40 days after the commencement of the Offering, an offer or sale of such securities within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act, unless such offer or sale is made pursuant to an exemption from registration under the U.S. Securities Act.

Terms used and not otherwise defined in the three preceding paragraphs shall have the meanings ascribed to them by Regulation S under the U.S. Securities Act.

Certificates

Subscriptions for the Common Shares will be received subject to rejection or allotment in whole or in part. Other than in certain limited instances, it is anticipated that the Common Shares will be registered in the name of CDS or its nominee, and will be deposited with CDS at the closing of the Offering on the Closing Date, which is expected to occur on or about November 21, 2017 or such other date as the Agents and the Company may agree, but in any case no later than 42 days after the date a receipt is issued for the (final) prospectus to be filed in respect of the Offering. A purchaser of Common Shares pursuant to the Offering will receive only a customer confirmation from the registered dealer from or through which the Common Shares are purchased and who is a CDS participant. Other than in connection with the Concurrent Private Placement, no definitive certificates will be issued unless specifically requested or required.

Pricing of the Offering

The Offering Price was determined based upon arm's length negotiations between the Company and the Lead Agent, on its own behalf and on behalf of the Agents. Among the factors considered in determining the Offering Price were the following:

- the market price of the Common Shares;
- prevailing market conditions;
- historical performance and capital structure of the Company;
- estimates of the business potential and earnings prospects of the Company;
- availability of comparable investments;
- an overall assessment of management of the Company; and
- the consideration of these factors in relation to market valuation of companies in related businesses.

Commissions and Expenses

The Company has agreed to pay to the Agents the Agents' Fee which is equal to 7% of the gross proceeds of the Offering, including any proceeds received upon exercise of the Over-Allotment Option. As additional compensation, the Company has also agreed to issue to the Agents the Agents' Warrants on the Closing Date. The Agents' Warrants will entitle the Agents to acquire that number of Common Shares at the Offering Price as is equal to 7% of the number of Common Shares sold pursuant to the Offering, including any Additional Common Shares issued upon the exercise of the Over-Allotment Option. This Prospectus qualifies the grant of the Agents' Warrants. The Agents will not receive any fee in respect of the Common Shares sold under the Concurrent Private Placement. See "Concurrent Private Placement".

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS OR COMPANIES

Certain directors and officers of the Company, along with a named expert, reside outside of Canada. Such directors, officers, and expert named below have appointed the following agents for service of process:

Name of Director/Foreign Entity	Name and Address of Agent
Hadley Ford	Baron Global Financial Ltd., Suite 1980, 1075 West Georgia Street, Vancouver, British Columbia, V6E 4N7, Canada
Randy Maslow	Baron Global Financial Ltd., Suite 1980, 1075 West Georgia Street, Vancouver, British Columbia, V6E 4N7, Canada
Richard Boxer	Baron Global Financial Ltd., Suite 1980, 1075 West Georgia Street, Vancouver, British Columbia, V6E 4N7, Canada
Messner Reeves LLP	iAnthus Capital Holdings, Inc., Suite 605, 40 University Avenue, Toronto, Ontario, M5J 1T1, Canada

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.

CONCURRENT PRIVATE PLACEMENT

The Company will enter into the Subscription Agreements on or prior to the Closing Date, pursuant to which certain subscribers resident in the United States and certain international jurisdictions will agree to subscribe for and purchase an aggregate of up to 2,705,882 Common Shares at the Offering Price per Common Share for aggregate gross proceeds of up to approximately $4,600,000. Subject to obtaining regulatory approval, the closing of the Concurrent Private Placement is expected to occur concurrently with the closing of the Offering.

Subscriptions for the Common Shares will be received subject to rejection or allotment in whole or in part. It is anticipated that definitive certificates will be issued for the Common Shares be issued and sold by the Company pursuant to the Concurrent Private Placement at the closing of the Concurrent Private Placement on the Closing Date. The terms and conditions of the Concurrent Private Placement will be set out in the Subscription Agreements.

This Prospectus does not qualify any securities issued under the Concurrent Private Placement and the Agents are not involved, directly or indirectly, in the offer and sale of the Common Shares forming part of the Concurrent Private Placement. The Common Shares to be issued under the Concurrent Private Placement will be subject to a statutory hold period lasting four months and one day following the closing of the Concurrent Private Placement. No commission or other fee will be paid to the Agents in connection with the Concurrent Private Placement. The anticipated net proceeds from the Offering and the Concurrent Private Placement (after deducting the expenses of the Offering and the Concurrent Private Placement and the Agents' Fee) are estimated to be $13,923,150. See "Use of Proceeds" for the principal purposes for which the net proceeds of the Concurrent Private Placement will be used by the Company.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Common Shares

The Company is authorized to issue an unlimited number of Common Shares without par value. Each Common Share carries the right to attend and vote at all general meetings of shareholders. As at October 16 2017, 16,538,977 Common Shares were issued and outstanding. Holders of Common Shares are entitled to dividends, if any, as and when declared by the directors, to one vote per Common Share at meetings of shareholders and, upon liquidation, dissolution or winding-up of the Company, to share pro rata the remaining assets of the Company as are distributable to holders of Common Shares. The Common Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender, or any pre-emptive or conversion rights.

PRIOR SALES

For the 12-month period before the date of this Prospectus, the Company issued the following Common Shares and securities convertible into Common Shares:

Date of Issuance	Number of Common Shares Issued	Issue/Exercise Price
November 18, 2016	9,525,000 Common Shares(2)	$2.10
November 18, 2016	715,520 Common Shares(2)	$2.10
December 5, 2016	21,250 Common Shares(3)	$1.25
December 6, 2016	15,152 Common Shares(4)	$1.65
December 6, 2016	325 Common Shares(5)	$1.62
May 5, 2017	197,455 Common Shares	$2.10
June 16, 2017	50,000 Common Shares(6)	$1.75
June 19, 2017	9,845 Common Shares(7)	$2.68

Notes:

(1) Issued pursuant to the conversion of accrued, unpaid interest on one of the convertible notes.

(2) Issued pursuant to a bought deal offering and a non-brokered private placement of units of the Company. Each unit consisted of one common share and one-half of one warrant. Each whole warrant is exercisable into one common share at an exercise price of $3.00 for a period of 12 months following the date of issuance.

(3) Issued upon exercise of stock options granted under the Company's stock option plan.

(4) Issued as payment of principal in the amount of $25,000 pursuant to a convertible promissory note entered into on February 24, 2016.

(5) Issued as payment of interest in the amount of $526 pursuant to a convertible promissory note entered into on February 24, 2016.

(6) Issued pursuant to the Transaction (as such term is defined in the AIF).

(7) Issued pursuant to the conversion of outstanding interest of a convertible promissory note signed on February 10, 2016.

Date of Issuance	Number of Warrants Issued	Issue/Exercise Price
November 18, 2016	4,762,500[(1)]	$3.00
November 18, 2016	357,760[(1)]	$3.00
November 18, 2016	658,182[(2)]	$3.00
May 5, 2017	98,727[(3)]	$3.00
October 11, 2017	267,000[(4)]	$2.65
November 10, 2017	133,500[(4)]	$2.03

Notes:

(1) Issued pursuant to a bought deal offering and a non-brokered private placement of units of the Company. Each unit consisted of one common share and one-half of one warrant. Each whole warrant is exercisable into one Common Share at an exercise price of $3.00 for a period of 12 months following the date of issuance.

(2) Brokers warrants issued pursuant to the financing closed on November 18, 2016. Each broker warrant is convertible into units of the Company, each unit being comprised of one Common Share and one-half of one warrant. Each whole warrant is exercisable into one Common Share at an exercise price of $3.00 for a period of 24 months from the date of issuance.

(3) During the second quarter of 2017, 197,455 broker warrants were exercised (see footnote 2 above) resulting in the issuance of 98,727 warrants.

(4) The Company issued 267,000 lender warrants pursuant to four unsecured promissory notes for an aggregate principal amount of US$3,000,000. Each lender warrant is exercisable into one Common Share at an exercise price of $2.65 for a period expiring on October 11, 2019. The Company issued a further 133,500 Common Share purchase warrants at an exercise price of $2.03 per Common Share in connection with the four unsecured promissory notes. Such warrants expire on November 10, 2019. See: "Description of Business – Recent Developments – GrowHealthy".

Date of Issuance	Number of Options Issued	Issue/Exercise Price
January 17, 2017	153,000 Stock Options[(1)]	$2.91
March 31, 2017	835,000 Stock Options[(1)]	$3.10

Notes:

(1) Granted pursuant to the Company's stock option plan.

Date of Issuance	Number of Debentures Issued	Conversion Price
February 28, 2017	$20,000,000 of Debentures[(1)]	$3.10

Notes:

(1) 8% unsecured convertible debentures at a price of $1,000 per debenture maturing on February 28, 2019 and convertible at the option of the holder into Common Shares at any time prior to the close of business on February 28, 2019 at a conversion price of $3.10 per share, subject to adjustment and acceleration in certain events. See "Subsequent Events" in the AIF.

TRADING PRICE AND VOLUME

The Common Shares are listed on the CSE under the trading symbol "IAN". The following tables set forth information relating to the trading of the Common Shares on the CSE for the months indicated[(1)].

	CSE Price Range		CSE
Month	High	Low	Total Volume
September 2016[(2)]	$2.70	$1.20	698,246
October 2016	$3.45	$1.76	957,354
November 2016	$3.79	$2.10	3,390,441
December 2016	$2.50	$1.78	1,649,023

	CSE Price Range		CSE
Month	High	Low	Total Volume
January 2017	$3.20	$2.25	1,807,897
February 2017	$3.29	$2.81	2,300,247
March 2017	$3.15	$2.27	2,546,716
April 2017	$2.88	$2.41	1,466,569
May 2017	$3.00	$2.40	1,456,542
June 2017	$3.10	$2.37	1,725,543
July 2017	$3.45	$2.94	753,965
August 2017	$3.19	$2.67	712,855
September 2017	$3.00	$2.57	582,258
October 2017	$2.75	$1.70	4,688,036
November 1-13, 2017	$2.15	$1.87	2,245,445

Notes:

(1) The source of all trading data is as disclosed at www.tsx.com.

(2) The Common Share began trading on the CSE on September 7, 2016.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McMillan LLP, counsel to the Company, and DLA Piper (Canada) LLP, counsel to the Agents, the following is, as at the date of this Prospectus, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to an investor who acquires Common Shares pursuant to the Offering and who, for the purposes of the Tax Act and at all relevant times, (i) is or is deemed to be resident in Canada, (ii) deals at arm's length with the Company and the Agents, (iii) is not affiliated with the Company or a subsequent purchaser of the Common Shares, and (iv) acquires and holds the Common Shares as capital property (a "**Holder**"). Generally, the Common Shares will be considered as capital property of a Holder thereof provided that the Holder does not use the Shares in the course of carrying on a business of trading or dealing in securities and such Holder has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Holder (i) that is a "financial institution" for the purposes of the mark-to-market rules contained in the Tax Act; (ii) that is a "specified financial institution" as defined in the Tax Act; (iii), an interest in which would be a "tax shelter investment" as defined in the Tax Act; (iv) that has made a functional currency reporting election under the Tax Act; or (v) that has entered into or will enter into a "derivative forward agreement" or "synthetic disposition arrangement", as such terms are defined in the Tax Act, with respect to the Common Shares. Such Holders should consult their own tax advisors with respect to an investment in Common Shares.

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada, and is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Common Shares, controlled by a non-resident corporation for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their tax advisors with respect to the consequences of acquiring Common Shares. This summary is also subject to the discussion under "Risk Factors – U.S. Tax Residence of the Company", and the matters referenced therein are not further addressed in this summary. The discussion below is qualified accordingly.

This summary is based upon the current provisions of the Tax Act in force as of the date hereof and counsel's understanding of the current published administrative and assessing practices of the Canada Revenue Agency (the "**CRA**"). This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that the Tax Proposals will be enacted in the form proposed, although no assurance can be given that the Tax Proposals will be enacted in their current form or at all. This summary does not otherwise take into account any changes in law or in the administrative policies or assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations, which considerations may differ significantly from the Canadian federal income tax considerations discussed in this summary.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Holders should consult their own tax advisors with respect to their particular circumstances.

Resident Holders

The following section of this summary applies to Holders who, for the purposes of the Tax Act, are or are deemed to be resident in Canada at all relevant times ("**Resident Holders**"). Certain Resident Holders whose Common Shares might not constitute capital property may make, in certain circumstances, an irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Common Shares, and every other "Canadian security" as defined in the Tax Act, held by such persons, in the taxation year of the election and each subsequent taxation year to be capital property. Resident Holders should consult their own tax advisors regarding this election.

Dividends

Dividends received or deemed to be received on the Common Shares will be included in computing a Resident Holder's income. In the case of an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of "taxable dividends" received from "taxable Canadian corporations" (as defined in the Tax Act), including the enhanced dividend tax credit in respect of "eligible dividends", if any, so designated by the Company to the Resident Holder in accordance with the provisions of the Tax Act. There may be restrictions on the Company's ability to so designate any dividends as "eligible dividends", and the Company has made no commitments in this regard.

Dividends received or deemed to be received by a corporation that is a Resident Holder on the Common Shares must be included in computing its income but generally will be deductible in computing its taxable income, subject to all restrictions and special rules under the Tax Act. A Resident Holder that is a "private corporation" (as defined in the Tax Act) and certain other corporations controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a special tax under Part IV of the Tax Act (refundable in certain circumstances) on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing taxable income.

Dispositions of Common Shares

Upon a disposition (or a deemed disposition) of a Common Share, a Resident Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of Common Share, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such Common Share, as applicable, to the Resident Holder. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "Capital Gains and Capital Losses".

Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable**

capital loss") realized in a taxation year from taxable capital gains realized in the year by such Resident Holder. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following taxation year against taxable capital gains realized in such year to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of Common Shares by a Resident Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such Common Shares or shares substituted for such shares, to the extent and in the circumstance specified by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) also may be liable to pay a special tax (refundable in certain circumstances) on its "aggregate investment income" (as defined in the Tax Act) for the year which will include taxable capital gains.

Minimum Tax

Capital gains realized and dividends received by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act. Resident Holders should consult their own advisors with respect to the application of the minimum tax.

Non-Resident Holders

The following section of this summary is generally applicable to Holders who, for the purposes of the Tax Act, (i) have not been and will not be deemed to be resident in Canada at any time while they hold the Shares and (ii) do not use or hold, and are not deemed to use or hold, the Shares in carrying on a business in Canada at any relevant time ("**Non-Resident Holders**").

Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere. Such Holders should consult their own tax advisors.

Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder by the Company are subject to Canadian withholding tax at the rate of 25% on the gross amount of the dividend unless such rate is reduced by the terms of an applicable tax treaty. Under the Canada-United States Income Tax Convention (1980) (the "**Treaty**") as amended, for example, the rate of withholding tax on dividends paid or credited to a Non-Resident Holder who is resident in the U.S. for purposes of the Treaty and entitled to benefits under the Treaty (a "**U.S. Holder**") is generally limited to 15% of the gross amount of the dividend (or 5% in the case of a U.S. Holder that is a company beneficially owning at least 10% of the Company's voting shares). Non-Resident Holders should consult their own tax advisors.

Dispositions of Common Shares

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Common Share, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Common Share constitutes "taxable Canadian property" to the Non-Resident Holder thereof for purposes of the Tax Act, and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty.

Provided the Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the CSE) at the time of disposition, the Common Shares generally will not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60 month period immediately preceding the disposition the following two conditions are met concurrently: (i) the Non-Resident Holder, persons with whom the

Non-Resident Holder did not deal at arm's length, partnerships in which the Non-Resident Holder or such non-arm's length person holds a membership interest (either directly or indirectly through one or more partnerships), or the Non-Resident Holder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of the Company; and (ii) more than 50% of the fair market value of the shares of the Company was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the Tax Act), timber resource properties (as defined in the Tax Act) or an option, an interest or right in such property, whether or not such property exists. Notwithstanding the foregoing, a Common Share may also be deemed to be taxable Canadian property to a Non-Resident Holder under other provisions of the Tax Act.

A Non-Resident Holder's capital gain (or capital loss) in respect of Common Shares that constitute or are deemed to constitute taxable Canadian property (and are not "treaty-protected property" as defined in the Tax Act) will generally be computed in the manner described above under the subheading "Resident Holders – Dispositions of Common Shares".

Non-Resident Holders whose Common Shares are taxable Canadian property should consult their own tax advisors.

RISK FACTORS

An investment in the securities of the Company is speculative and subject to risks and uncertainties. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment in the Company and the business, prospects, financial position, financial condition or operating results of the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations.

Prospective purchasers should carefully consider all information contained in this Prospectus, including all documents incorporated by reference, and in particular should give special consideration to the risk factors under the section titled "Risk Factors" in the AIF, which may be accessed on the Company's SEDAR profile at www.sedar.com, and the information contained in the section entitled "Caution Regarding Forward-Looking Statements", before deciding to purchase Common Shares.

The risks and uncertainties described or incorporated by reference in this Prospectus are not the only ones the Company may face. Additional risks and uncertainties that the Company is unaware of, or that the Company currently deems not to be material, may also become important factors that affect the Company. If any such risks actually occur, the Company's business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of the Common Shares could decline and purchasers could lose all or part of their investment. Additionally, purchasers should consider the following risk factors:

Risks Specifically Related to the United States Regulatory System

The Company's business activities while believed to be compliant with applicable state and local law of the United States, are illegal under United States federal law.

The concepts of "medical cannabis" and "retail cannabis" do not exist under United States federal law. The CSA classifies "marijuana" as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. As such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis remains illegal under United States federal law. Although the Company believes its business activities are compliant with applicable United States state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company's operations and financial performance.

Violations of any United States federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the United States federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its holding (directly or indirectly) of medical cannabis licenses in the United States, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

There is uncertainty surrounding the Trump Administration and Attorney General Jeff Sessions and their influence and policies in opposition to the cannabis industry as a whole.

There is significant uncertainty surrounding the policies of President Donald Trump and the Trump administration (the "**Trump Administration**") about recreational cannabis and medical cannabis. Attorney General Sessions is a well-known advocate against legalization of cannabis.

Although the United States Department of Justice has stated in the Cole Memorandum that it is not an efficient use of limited resources to direct federal law enforcement agencies to prosecute those abiding by state laws allowing the use and distribution of medical cannabis, there is no guarantee that the United States Department of Justice's position in this regard will not change. Should Attorney General Sessions decide to repeal or amend the Cole Memorandum, there is no certainty as to how the United States Department of Justice, United States Federal Bureau of Investigation and other government agencies will handle cannabis matters in the future. There can be no assurances that the Trump administration will not change the current enforcement policy and decide to strongly enforce the United States federal laws. The Company regularly monitors the activities of the current administration for evidence if the Company will contravene the Rohrabacher-Farr Amendment (as defined below) or the guidance provided in the Cole Memorandum.

"**Rohrabacher-Farr Amendment**" means the legislation first introduced by United States. House of Representatives Maurice Hinchey, Dana Rohrabacher, and Sam Farr in 2003 and known as the Rohrabacher-Farr amendment (also known as the Rohrabacher-Blumenauer amendment) prohibiting the United States Justice Department from spending funds to interfere with the implementation of state medical cannabis laws. The amendment has been renewed numerous times, most recently on September 8, 2017, and is in effect until December 8, 2017.

The approach to the enforcement of cannabis laws may be subject to change or may not proceed as previously outlined.

The Cole Memorandum outlined certain priorities for the United States Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the United States Department of Justice has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard.

In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the United States Department of Justice should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority. In March of this year, newly appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit, although he disagreed that it had been implemented effectively and has not committed to utilizing the Cole Memorandum framework going forward.

The Board of Directors has informed its decision to authorize and approve the Company's strategies based on the guidelines outlined in the Cole Memorandum and believes that the risk of federal prosecution and enforcement is currently unlikely. However, unless and until the Cole Memorandum is memorialized in federal legislation, there can be no assurance that the federal government will not seek to prosecute cases involving medical cannabis businesses that are otherwise compliant with state law.

Such potential proceedings could involve significant restrictions being imposed upon the Company or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favour of the Company.

The Company's investments in the United States are subject to applicable anti-money laundering laws and regulations.

The Company is subject to a variety of laws and regulations domestically and in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the U.S. Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada.

In February 2014, the Financial Crimes Enforcement Network ("**FCEN**") of the U.S. Department of the Treasury issued a memorandum providing instructions to banks seeking to provide services to cannabis related businesses (the "**FCEN Memo**"). The FCEN Memo states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA. It is unclear at this time whether the current administration will follow the guidelines of the FCEN Memo.

If any of the Company's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends on its Common Shares or its Class A Shares in the foreseeable future, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

The Company's investments in the United States may be subject to heightened scrutiny.

For the reasons set forth above, the Company's existing investments in the United States, and any future investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in the United States or any other jurisdiction, in addition to those described herein.

Given the heightened risk profile associated with cannabis in the United States, CDS may implement procedures or protocols that would prohibit or significantly curtail the ability of CDS to settle trades for cannabis companies that have cannabis businesses or assets in the United States. It is not certain whether CDS will decide to enact such measures, nor whether it has the authority to do so unilaterally. However, if CDS were to decide that it will not handle trades in our securities, it could have a material adverse effect on the ability of investors to make and settle trades and on the liquidity of the Company's securities generally. In particular, the Common Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of a stock exchange. While there can be no assurance that this would occur, and while it would be subject to regulatory approval, a third party has publicly expressed interest in providing clearing services should CDS decide not to do so.

The Company has obtained eligibility with The Depository Trust Company ("**DTC**") for its Common Share quotation on the OTCQB and such DTC eligibility provides another possible avenue to clear Common Shares in the event of a CDS ban.

Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the United States or elsewhere. A negative shift in the public's perception of medical cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new state jurisdictions into which the Company could expand. Any inability to fully implement the Company's expansion strategy may have a material adverse effect on the Company's business, financial condition and results of operations.

Risk Generally Related to the Company

Laws and regulations affecting the Company's industry are constantly changing.

The constant evolution of laws and regulations affecting the marijuana industry could detrimentally affect the Company's operations. Local, state and federal medical marijuana laws and regulations are broad in scope and subject to changing interpretations. These changes may require the Company to incur substantial costs associated with legal and compliance fees and ultimately require the Company to alter its business plan. Furthermore, violations of these laws, or alleged violations, could disrupt its business and result in a material adverse effect on its operations. In addition, the Company cannot predict the nature of any future laws, regulations, interpretations or applications, and it is possible that regulations may be enacted in the future that will be directly applicable to its business. For example, see the risk factor related to CDS immediately above.

Discretion in the Use of Proceeds.

The Company intends to use the net proceeds from the Offering and the Concurrent Private Placement as set forth under "Use Of Proceeds"; however, the Company maintains broad discretion concerning the use of the net proceeds of the Offering and the Concurrent Private Placement as well as the timing of their expenditure. The Company may re-allocate the net proceeds of the Offering and the Concurrent Private Placement other than as described under the heading "Use Of Proceeds" if management of the Company believes it would be in the Company's best interest to do so and in ways that a purchaser may not consider desirable. Until utilized, the net proceeds of the Offering and the Concurrent Private Placement will be held in cash balances in the Company's bank account or invested at the discretion of the Board of Directors. There is no minimum amount of funds that must be raised under the Offering. This means that the Company could complete the Offering after raising only a small proportion of the Offering amount set out above. As a result, a purchaser will be relying on the judgment of management of the Company for the application of the net proceeds of the Offering and the Concurrent Private Placement. The results and the effectiveness of the application of the net proceeds are uncertain. If the net proceeds are not applied effectively, the Company's results of operations may suffer, which could adversely affect the price of the Common Shares on the open market.

United States tax residence of the Company.

The Company, which is and will continue to be a Canadian corporation as of the date of this prospectus, generally would be classified as a non- United States corporation (and, therefore, as a non- United States tax resident) under general rules of United States federal income taxation. Section 7874 of the United States Tax Code, however, contains rules that can cause a non- United States corporation to be taxed as a United States corporation for United States federal income tax purposes. The rules described in this paragraph are relatively new, their application is complex and there is little guidance regarding their application. Under section 7874 of the United States Tax Code, a corporation created or organized outside the United States. (i.e., a non- United States corporation) will nevertheless be treated as a United States corporation for United States federal income tax purposes (such treatment is referred to as an "**Inversion**") if each of the following three conditions are met (i) the non- United States corporation acquires, directly or indirectly, or is treated as acquiring under applicable United States Treasury Regulations, substantially all of the assets held, directly or indirectly, by a United States corporation, (ii) after the acquisition, the former stockholders of the acquired United States corporation hold at least 80% (by vote or value) of the shares of the non-

United States corporation by reason of holding shares of the United States acquired corporation, and (iii) after the acquisition, the non- United States corporation's expanded affiliated group does not have substantial business activities in the non- United States corporation's country of organization or incorporation when compared to the expanded affiliated group's total business activities (clauses (i) – (iii), collectively, the "**Inversion Conditions**"). For this purpose, "expanded affiliated group" means a group of corporations where (i) the non- United States corporation owns stock representing more than 50% of the vote and value of at least one member of the expanded affiliated group, and (ii) stock representing more than 50% of the vote and value of each member is owned by other members of the group. The definition of an "expanded affiliated group" includes partnerships where one or more members of the expanded affiliated group own more than 50% (by vote and value) of the interests of the partnership.

If the Company is treated as a United States corporation for United States federal income tax purposes under section 7874 of the United States Tax Code (which is considered likely, although no definitive determination of this matter has been reached, and no tax ruling has been sought or obtained in this regard), the Company would be considered a United States tax resident and subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Company is expected, regardless of any application of section 7874 of the United States Tax Code, to be treated as a Canadian resident company (as defined in the Tax Act) for Canadian income tax purposes. As a result, if the Company is considered a United States corporation under section 7874, the Company would be subject to taxation both in Canada and the United States which could have a material adverse effect on its financial condition and results of operations. In addition, any distributions paid by the Company to a holder of Common Shares may be subject to United States withholding tax as well as any applicable Canadian withholding tax. A Non- United States Holder may also be subject to United States tax, including withholding tax, on disposition of its Common Shares.

Completion of potential acquisitions.

Any potential acquisition by the Company will be subject to conditions, which may include, without limitation, satisfactory completion of the Company's due diligence, negotiation and finalization of formal legal documents, debt financing and approval from the Company's board of directors. As a result, there can be no assurance that the Company will complete any acquisitions. If the Company does not complete such acquisitions, it may be subject to a number of risks, including: (i) the price of its securities may decline to the extent that the current market price reflects a market assumption that these acquisitions will be completed; (ii) certain costs related to each such acquisition, such as legal, accounting and consulting fees, must be paid even if an acquisition is not completed; and (iii) there is no assurance that such suitable opportunities will be available to the Company in the future or at all.

Lack of control over operations of investee companies.

The Company relies on the investee companies to execute on their business plans and produce medical cannabis products, and holds contractual rights and minority equity interest relating to the operation of the investee companies. The operators of such investee companies have significant influence over the results of operations of the investee companies. Further, the interests of the Company and the operators of the investee companies may not always be aligned. As a result, the cash flows of the Company are dependent upon the activities of third parties which creates the risk that at any time those third parties may: (i) have business interests or targets that are inconsistent with those of the Company; (ii) take action contrary to the Company's policies or objectives; (iii) be unable or unwilling to fulfill their obligations under their agreements with the Company; or (iv) experience financial, operational or other difficulties, including insolvency, which could limit or suspend a third party's ability to perform its obligations. In addition, payments may flow through the investee companies, and there is a risk of delay and additional expense in receiving such revenues. Failure to receive payments in a timely fashion, or at all, under the agreements to which the Company is entitled may have a material adverse effect on the Company. In addition, the Company must rely, in part, on the accuracy and timeliness of the information it receives from the investee companies, and uses such information in its analyses, forecasts and assessments relating to its own business. If the information provided by an investee company to the Company contains material inaccuracies or omissions, the Company's ability to accurately forecast or achieve its stated objectives, or satisfy its reporting obligations, may be materially impaired.

Private companies and illiquid securities.

The Company may invest in securities of private companies. In some cases, the Company may be restricted by contract or generally by applicable securities laws from selling such securities for a period of time. Such securities may not have a ready market and the inability to sell such securities or to sell such securities on a timely basis or at acceptable prices may impair the Company's ability to exit such investments when the Company considers it appropriate.

The market price of the Common Shares is volatile and may not accurately reflect the long-term value of the Company.

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of Common Shares to sell their securities at an advantageous price. Market price fluctuations in the Common Shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Common Shares.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares may be materially adversely affected.

A positive return in an investment in the Common Shares is not guaranteed.

There is no guarantee that an investment in the Common Shares will earn any positive return in the short term or long term. A purchase under the Offering involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Common Shares is appropriate only for purchasers who have the capacity to absorb a loss of some or all of their investment.

Risk factors related to dilution.

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares, Class A Shares and preferred shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of options under the Company's stock option plan and upon the exercise of outstanding warrants.

Additional financing.

The Company will require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable.

If additional funds are raised through further issuances of equity or debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of common shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

The Company currently raises its equity and debt financing from the public markets in Canada. If such equity and/or debt financing was no longer available in the public markets in Canada due to changes in applicable law, then the Company expects that it would be able to raise equity and/or debt financing privately.

Commercial banks, private equity firms and venture capital firms have approached the industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to the Company's projects. Although there has been an increase in the amount of private financing available over the last several years there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants. There can be no assurance that additional financing, if raised privately, will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

Negative cash flow from operations.

During the fiscal year ended December 31, 2016 and the six-month period ended June 30, 2017, the Company had negative cash flow from operating activities. Although the Company anticipates it will have positive cash flow from operating activities in future periods, to the extent that the Company has negative cash flow in any future period, certain of the net proceeds from the Offering and the Concurrent Private Placement may be used to fund such negative cash flow from operating activities.

The Company is a holding company.

The Company is a holding company and essentially all of its assets are the capital stock of its subsidiaries, iAnthus Capital, iAnthus Transfer, iAnthus Formation, Scarlet Globemallow, and Bergamot Properties. As a result, investors in the Company are subject to the risks attributable to its subsidiaries. As a holding company, the Company conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, the Company's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Company. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Company's material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before the Company.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditor of the Company is BDO Canada LLP, located at 600 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3L2. BDO Canada LLP has advised that they are independent within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

The transfer agent and registrar for the Company's Common Shares is Computershare Investor Services Inc., 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, Canada, V6C 3B9.

LEGAL MATTERS

Certain Canadian legal matters in connection with this Offering will be passed upon by McMillan LLP, on behalf of the Company and by DLA Piper (Canada) LLP, on behalf of the Agents. Certain U.S. regulatory matters in connection with this Offering will be passed upon by Messner Reeves LLP. As at the date hereof, the partners and associates of McMillan LLP, as a group, the partners and associates of DLA Piper (Canada) LLP, as a group, and the partners and associates of Messner Reeves LLP, as a group, each beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares of the Company.

PROMOTER

Hadley Ford, the CEO of the Company, is the promoter of the Company. As of October 16, 2017, Mr. Ford beneficially owns, or controls or directs, directly or indirectly, a total of 2,712,500 Class A Shares and 120,000 options that are exercisable to acquire Common Shares, representing 6.6% of the Company's fully diluted issued and outstanding Common Shares (assuming conversion of such Class A Shares in accordance with their terms). Other than as disclosed in this section or elsewhere in this Prospectus, no person who was a promoter of the Company within the last two years:

- received anything of value directly or indirectly from the Company or a subsidiary;
- sold or otherwise transferred any asset to the Company or a subsidiary within the last two years;
- has been a director, chief executive officer or chief financial officer of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets;
- has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;
- has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or
- has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

INTERESTS OF EXPERTS

The following are persons or companies whose profession or business gives authority to a statement made in this Prospectus as having prepared or certified a part of that document or report described in the Prospectus:

- McMillan LLP is the Company's counsel with respect to Canadian legal matters herein;
- Messner Reeves LLP is the Company's counsel with respect to United States corporate and regulatory legal matters herein; and
- BDO Canada LLP is the external auditor of the Company and reported on the Company's audited financial statements for the years ended December 31, 2016 and 2015 and filed on SEDAR.

To the knowledge of management, as of the date hereof, no expert, nor any associate or affiliate of such person has any beneficial interest, direct or indirect, in the securities or property of the Company or of an associate or affiliate of any of them, and no such person is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of an associate or affiliate thereof.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment thereto. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF iANTHUS CAPITAL HOLDINGS, INC.

Dated: November 14, 2017

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of all the provinces of Canada, except Québec.

(signed) *Hadley Ford* Chief Executive Officer	(signed) *Julius Kalcevich* Chief Financial Officer

On Behalf of the Board of Directors

(signed) *Randy Maslow* Director	(signed) *Paul Rosen* Director

CERTIFICATE OF THE PROMOTER

Dated: November 14, 2017

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of all the provinces of Canada, except Québec.

(signed) *Hadley Ford*

CERTIFICATE OF THE AGENTS

Dated: November 14, 2017

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of all the provinces of Canada, except Québec.

CANACCORD GENUITY CORP.

By: (signed) *Steve Winokur*

BEACON SECURITIES LIMITED

By: (signed) *Mario Maruzzo*

CORMARK SECURITIES INC.

By: (signed) *Jeff Kennedy*

ECHELON WEALTH PARTNERS INC.

By: (signed) *David Anderson*

HAYWOOD SECURITIES INC.

By: (signed) *Beng Lai*